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# THE TIMES

Katie Stewart's  
Christmas  
cookery, page 17

## Britain wins budget concession at 'fruitful' EEC summit

Mr Callaghan has won a substantial concession over the size of Britain's contribution to the EEC budget from other heads of government at the Community summit. A larger regional fund has been agreed, but direct elections, which were due to be held next year, will probably have to be postponed because of delay by Britain.

## Sour note over likely poll delay

From Michael Hornsby  
Brussels, Dec 6

A substantial concession to Britain over its contribution to the EEC budget was agreed at the summit meeting of the Nine here today. The heads of government also agreed the size of a larger regional fund and decided to give a "fair wind" to the European Commission's proposals on economic and monetary union.

The summit ended today. The only slightly sour note at an otherwise usually full meeting was struck over direct elections to the European Parliament. Heads of government reluctantly accepted that polling will almost certainly have to be postponed because of Britain's inability to meet the intended target date of May or June of next year.

In a report to the summit, Dr Owen, the Foreign Secretary, who accompanied Mr Callaghan to Brussels, said if the Commons insisted on using the traditional first-past-the-post system for electing members to the European Parliament, Britain might not be ready to take part in direct elections before the spring of 1979.

If, on the other hand, the House opted for the regional list voting method, which most observers consider to be out of the question, then it would still be difficult, but not impossible, for Britain to be ready by May or June of next year, Dr Owen said.

The regional list system would obviate the need to create new Euro-constituencies. Speaking for the rest of the EEC, Mr Leo Tindemans, the Belgian Prime Minister, who was chairman of the summit, said there would be a "disappointment" if the timing of direct elections slipped. Mr Roy Jenkins, President of the European Commission, said

there would be "great disappointment" if the elections were postponed beyond the autumn of next year. As a result of the budget agreement, Britain's gross contribution is expected to be about £1,180m next year, compared with some £700m in 1977. Although this is a substantial increase, and about £40m more than the Government thought it ought to pay, it is about £200m less than most other member states had demanded.

The agreement also means that from next year the EEC's budget can be calculated in a new unit of account based on the current market values of national currencies. The unit used at present is based on pre-1971 dollar parities. As a result, British contributions have been greatly overvalued against those of Germany and most other countries undervalued.

The heads of government agreed that the regional fund, which is used to help finance the development of the Community's poorer areas, should be allocated £1,202m over the three years to 1980—£377m in 1978, £403m in 1979 and £422m in 1980. This compares with £544m allocated to the fund between 1975-77.

Much of this substantial, nominal increase in the fund's resources, however, must be discounted because of inflation. The Commission, backed by the European Parliament, had originally proposed making £488m available to the fund next year, but this was considered far too high by the German Chancellor.

Britain, the biggest beneficiary of the fund after Italy, expects to enjoy a net receipt of £30m in 1978, compared with £20m this year. About 2 per cent of the fund's allocation has been provisionally set aside

to meet French demands for more development assistance for their overseas departments. Agreement on the regional fund also enabled Herr Schmidt, the West German Chancellor, to approve a Commission proposal for raising loans up to a total of £650m on the international capital markets to finance new job-creating investment in the EEC. The Commission will play a part in choosing the investment projects, but the final say will rest with EEC finance ministers.

The heads of government were evidently impressed by Mr Jenkins' argument that no conventional measures were likely to reduce the Community's high level of unemployment or stimulate sluggish economic growth. This appears to explain the favourable hearing given to his proposals on economic and monetary union.

There were likely to be nine million more jobs required in the EEC between now and 1985, Mr Jenkins said. In addition, new jobs would have to be found for those made redundant by the unavoidable rationalisation of shrinking industrial sectors, such as textiles, shipbuilding and steel.

The heads of government agreed to pursue four immediate goals: increased coordination of national economic policies; reinforcement of monetary solidarity; the expansion of the Community's financial resources; and an intensified search for Community solutions to problems.

A brief but inconclusive discussion was held on President Giscard d'Estaing's proposal for creating a common "judicial zone" in the EEC, where there would be common rules for the extradition of people charged with terrorist crimes. The concept is to be examined further.

Photograph, page 6  
Leading article, page 19



Mrs Thatcher, the Opposition leader, listening to a point made by President Tito of Yugoslavia during their two-hour talks in Belgrade yesterday. Report on page 8.

## Printers end support for striking journalists

By Christopher Thomas  
Labour Reporter

A strike for a closed shop by 35 journalists centred on Derwent was in its final stages as printing workers who stopped work in sympathy four months ago decided to return to work next week.

Westminster Press can therefore resume publication of several newspapers, and the first big battle for a closed shop by the National Union of Journalists is almost certain to be defeated.

About 130 members of the National Graphical Association, the main craft printing union, voted overwhelmingly to end active support. They are deeply disillusioned with the way the NUJ has handled the strike and disapproved at the cost to their union, which has exceeded £100,000.

News of the decision reached the NUJ national executive while it was discussing the dispute. Several striking journalists lobbied the meeting to persuade it to extend the strike throughout the Westminster Press group.

The executive did, in fact, decide to call on NUJ chapters (office branches) in Westminster Press to strike in sympathy, but the management was adamant last night that it would not concede editorial closed shops. The six-month strike, the union's longest, has also cost the NUJ more than £100,000. The strikers receive £40 a week and will get a £50 Christmas bonus.

It is clear that the strikers lost the good will of the printers last week when a peace formula was heavily rejected. NGA leaders also felt that the NUJ had lost control of the strike.

The NGA's national council will ratify the decision on Wednesday, and a return to work is expected on Thursday. The management expects to restart most of the papers almost immediately, but it is not known whether all titles will resume publication.

The papers affected are The Northern Echo, the Darlington and Stockton Times, the Evening Despatch and the Durham Advertiser weekly series. Twenty-four non-NUJ journalists kept the newspapers going for two months in June and July before the printers stopped work.

Mr Joe Wade, NGA general secretary, said last night: "I regret that we have been forced into this position. The NUJ's intransigence over Darlington we have no alternative."

The legitimate demand of the NUJ for a closed shop could not be met, Wade said. "We have no intention of ending up with the situation where the NUJ has achieved its closed shop at Darlington with no newspapers in which to operate it."

A dozen members of the Society of Lithographic Artists, Designers, Engravers and Process Workers, who have been supporting the journalists, will also return to work next week. Members of the National Society of Operative Printers, Graphical and Media Personnel went back several weeks ago.

## Miners' leaders set to accept output deal

From Paul Routledge  
Labour Editor  
Harrowgate

Government ministers may look to an untroubled quarter, the miners, for a lull tomorrow to their pay policy.

The executive of the National Union of Mineworkers is about to stand on its head last month's secret ahead ballot that rejected by a small majority a productivity pay formula designed to take the steam out of coalfield wage militancy.

After much searching of hearts and faith, not wholly unconnected with loyalty to the Labour Government, the moderate-dominated leadership of the NUM is expected to vote for freedom to negotiate self-financing coalfield productivity schemes where the miners want them.

The vote is being privately predicted at 15 to nine for this escape route from militancy over the union's official claim of £135 a week for faceworkers from November 1.

That demand has been submitted, and the National Coal Board has told the union that the industry cannot negotiate increased pay before March 1, 1978, because of the TUC's 12-month rule on pay settlements.

That rule, endorsed by the TUC General Council once again only two weeks ago, is also expected to win through at the NUM's executive meeting in London, when the moderates rally round the Labour flag and put off any thought

of confrontation over pay for at least two months.

A move on those lines would give the Government, hard pressed by the firemen's strike and the continuing refusal of local authority manual workers to accept a wage deal that increases the pay bill by 10.7 per cent, valuable time to get reluctant groups of workers who have not yet settled into line with the 10 per cent guideline.

Some rank-and-file feelings over the pay issue split over the debate at a NUM conference on industrial democracy at Harrogate yesterday, but they were quickly ruled out of order by the chairman, the union's president, Mr Joseph Gormley.

He opened the conference with a general argument that miners should be at the top of the wages league, linking their pay standing to higher productivity and the extension of participation in the coalmining industry, which would help to achieve that.

Mr Parry said: "It is not a question of snubbing anyone. The meeting is strictly an employers' one, and we have not had to take a decision."

He said the firemen would continue to press other unions for financial and industrial support and for their backing on the TUC General Council when the union challenges the finance and general purposes committee.

Mr Parry added: "People are as determined now as when they went out on strike and they look like remaining determined." The executive expressed regret the deaths of the two firemen fighting their way through a road crash in Manchester early yesterday.

Mr Thomas Watkins, Chief Fire Officer for Derbyshire, called yesterday for the wages of firemen, police and Armed Services to be protected in return for their not being allowed to strike.

Mr Watkins, secretary of the Chief Officers' and Assistant Chief Fire Officers' Association, suggested that the wages of the three groups should be matched to average earnings in the "top six industries", with an additional payment of perhaps 10 per cent.

The Derbyshire brigade said that six firemen had resigned since the strike started. But a recruitment advertisement which appeared shortly after the strike began, had brought 20 new recruits to the ranks.

The National Association of Fire Officers had voted by a majority of four to one against strike action in support of its own 40 per cent claim.

"Green Goddess" inquiry and IRA bomb attack, page 2

## Dr Kaunda abandons Anglo-US initiative

Lusaka, Dec 6.—President

Kaunda of Zambia announced today that he is pulling out of the latest Anglo-American peace efforts in Rhodesia, presenting the flustering Western initiative with a further rebuff.

"We withdraw from the debate. We will no longer sit around a conference table to discuss the proposals", he said. Dr Kaunda coupled his announcement with a bitter, tearful attack on Dr Owen, the British Foreign Secretary.

Dabbling his eyes with a white handkerchief, he told a press conference that an black man could accept Dr Owen's reaction to Rhodesia raids into Mozambique earlier this month, in which 1,200 nationalists were reported killed. He said Dr Owen's reaction had been: "Yes, I condemn the brutal murders but it also shows Smith is powerful, the white man is powerful."

"If there's any Zambian that wants to go with Owen I'll denounce him and deal with him firmly", Dr Kaunda said. While some of the work has successfully completed in time for performance as scheduled, his Mass of Christ the King caused havoc at the Three Choirs Festival in August; parts of the music arrived at the last moment and in the event the work was performed incomplete.

The Queen is still due to attend the concert under Bernard Haitink tomorrow night, despite the demise of the symphony. Instead of Mr Williamson's work she will hear Elgar's Cockaigne—in London Town.

Continued on page 9, col 7

## Sir Charles Clore to resign

By Our Business News Staff

Sir Charles Clore is to resign as chairman of Sears Holdings at the end of the year so that he can spend more time on his charitable activities. He is to become life president and will remain a director of Sears.

Sir Charles, who is aged 73 and has had one of the longest and most profitable careers in business life, is estimated to have given at least £500,000 a year to charities for the past 15 years.

He was knighted in 1974 and his successful investment career started at 22, when he bought a skating rink in Cricklewood, north London, which he had visited as a child.

Takeover pioneer, page 29  
Business News diary, page 31

## Further legal action over Crown Agents discounted

By Annabel Ferriman

The Government may appoint Judge Fay, QC, chairman of a public inquiry into the £200m Crown Agents' investigation.

Overseas Development Secretary yesterday said it would be "tempting" to make Judge Fay chairman of such an inquiry because of his knowledge of the affair. He presided over the inquiry whose report last Thursday led to the present controversy.

The Government had planned a private inquiry under the chairmanship of Sir Carl Aarvold. That would have to be reconsidered in the light of the 158-126 vote against it, she said. A public inquiry would be likely to take two years, Sir Charles said, who was 70, might not want to undertake it.

Mrs Hart refused to comment on the allegations made by Sir Karel Wilson in Parliament on Monday that she had wanted to raise the matter in the Commons in the early 1970s but had been warned that she would fall flat on her parliamentary face. She did say, however, that she had been told at the time that if she raised it in Parliament she would not be protected by parliamentary privilege.

She did not think any more legal proceedings, either criminal or civil, would arise out of a public inquiry, nor that any civil servants would be dismissed. Some civil servants were unlikely to achieve promotion again, however.

Those MPs to whom the Fay report "came as a blinding light" on Thursday failed to appreciate, in their thirst for blood, how much had been done to bring those responsible to justice, she said. Our Political Editor writes: The Prime Minister will probably uncover a new twist in the Government's decision to hold a public rather than a private inquiry into the Crown Agents' fiasco when he next faces Commons' questions on Thursday.

The Government's decision yesterday after Mr Michael Foot's replacement Mr Callaghan during the Prime Minister's absence in Brussels, writhed under the embarrassment of the Commons' overhauling of the Government's wishes.

Mr Foot said he had not yet been able to consult Mr Callaghan about the defeat, but he promised that the Government would give urgent and as careful attention to Monday's vote.

It transpired yesterday that the Government is in a quandary over the form the inquiry should take. The original decision to have a private inquiry was avowedly not an easy one; nor did some ministers now find it easy to reconcile having a tribunal under the 1921 Act with the wish of some MPs to pursue those who might be criminally involved.

It is still being argued that it is not possible to have a tribunal and then court proceedings afterwards, although that contention will be challenged.

What is clear is that Mr Callaghan cannot come to question time on Thursday and get away without satisfying the House's demand to be obeyed.

As matters stood yesterday some ministers seem not to have grasped the desire the Government had suffered at the hands, however belatedly, of parliamentary reassertiveness.

Parliamentary report, page 10  
Where does buck stop? page 18  
Leading article, page 19

## Jones call for 'talk-ins'

A plea for industrial peace and for fewer strikes was made by Mr Jack Jones, general secretary of the Transport and General Workers' Union, when he delivered the Richard Dimbleby Lecture on BBC 1. The aim should be talk-ins, not walk-outs, he said. Many strikes could be avoided by more discussion and consultation.

Mr Vance for Syria  
President Assad of Syria has invited Mr Cyrus Vance to Damascus next week during the American Secretary of State's latest Middle East tour. Mr Vance will urge support for President Sadat's peace initiative and thus make the Americans mediators between two Arab governments.

Disabled get more: The mobility allowance is to be £10 weekly and may be used to lease a car.

Egypt: A six-page Special Report on the most controversial country in the Arab world.

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## Bermuda leader angry over Owen claim on hangings

Mr Gibbons, the Bermuda Premier, angered by Dr Owen's statement about the island hangings, said yesterday that the Bermuda Government did not have the authority to stop the executions. Mr Gibbons said that Dr Owen was not obliged to accept the recommendation that there should be no reprieve. A review in the capital has been pushed back until midnight after another fairly quiet night.

Page 8

## State borrowing down

Total public borrowing in the third quarter of this year was only £970m, suggesting that at the end of the current financial year the public sector borrowing requirement will be substantially below the latest estimate of £7,500m.

Page 4

## MPs oppose EEC

Labour, Liberal and SNP backbenchers will oppose a European Commission directive that commercial demonstrations of fast-breeder reactors "should continue without interruption". The MPs say the Windscale report should be debated publicly before any decision is taken on building commercial reactors.

Page 2

## Grunwick's pay

A tribunal is expected to report that pay and conditions at the Grunwick film-processing laboratory do not fall below levels in comparable companies. The finding arises from an inquiry into a case brought by the union involved in the 15-month dispute.

Page 11

## Oxford end losing run

Oxford ended a run of five Cambridge victories in the University match when they won by 15 points to 10 at Twickenham. Oxford's only try was scored by Moir and Watkinson kicked four penalties.

Page 11

## Mr Begin cancels meetings after stomach upset

By Robert Parker

Mr Begin, the Israeli Prime Minister, yesterday cancelled all engagements because of what a spokesman of the Israeli Embassy described as a stomach upset.

Mr Begin, who is 64, suffered a heart attack in March, and has been in hospital three times so far this year. Since his visit to London he has also suffered a foot infection.

His doctor confined him to bed at his London hotel in the morning, and in the afternoon to have seen Mr White, the Opposition deputy leader, in the absence of Mrs Thatcher.

The embassy strongly denied reports made on Israeli radio from London that Mr Begin had "chest pains". A spokesman said: "I have simply no idea where these reports came from. There is no truth in them at all."

Mr Begin, whose official visit ended on Sunday night, was to have met MPs sympathetic to the Israeli cause in the morning, and in the afternoon to have seen Mr White, the Opposition deputy leader, in the absence of Mrs Thatcher.

The embassy strongly denied reports made on Israeli radio from London that Mr Begin had "chest pains". A spokesman said: "I have simply no idea where these reports came from. There is no truth in them at all."

Continued on page 9, col 7

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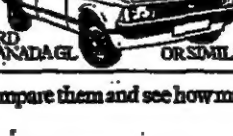


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## HOME NEWS

## Chancellor beats off left-wing critics of government pay policy

By Michael Marfield  
Political Reporter

Mr Healey, Chancellor of the Exchequer, beat off his left-wing critics inside the Commons yesterday when he rejected their suggestion that the Government was heading for electoral disaster if it continued its present economic policies.

His most trenchant critic was Mr Norman Atkinson, treasurer of the Labour Party, who stated that it was not the economists but the geologists who discovered North Sea oil who were making life bearable. If the Government continued down the road on which it is set the party will go into deep defeat at the next election, from which the Labour Party can never recover," he predicted.

But Mr Healey would have none of it when he replied to a debate at a meeting of the Parliamentary Labour Party. If the progress continued in the next 12 months as it had done in the previous year, the party had every chance of winning the general election, with the support of the Parliamentary Labour Party and the party in the country, he said.

The Chancellor offered few hints as to his thinking on the next stage of pay policy, although he responded favourably to the comments of Mr David Sassat, general secretary of the General and Municipal Workers' Union, who in a recent article suggested that the initiative would best come from the trade unions.

But he continued: "The Government has an inescapable responsibility for saying what it will do in the way of pay policy. The country can afford. The more the unions and employers can cooperate on deciding how to deal with differentials and incentives within that limit, the better. The problem will not go away if we ignore it."

The Chancellor, sticking firmly to the 10 per cent guideline, said it was not a policy devised by him and his Treasury colleagues but was a policy which was worked out collectively by the Cabinet.

Turning to his critics who Healey said it was fair to ask how much higher they wanted

to see Britain's inflation rate than that in other countries.

"We have been asked to allow more flexibility in our pay policy," he said. "In fact, the Government already made there has been a great variety of combinations between increases in basic rates and productivity increases. And large firms have used the 'kitty' principle to negotiate a spread of earnings as wide as 7 to 14 per cent for the same bargaining group."

"But the fact is there have so far been no significant settlements which would produce an earnings increase below the 10 per cent guideline, and there have been some above."

So I must ask those who demand greater flexibility to tell me which unions in which negotiations should accept earnings increases well below 10 per cent in order to make room for other settlements above. My feeling is that the TUC's response to the Freeman last Friday suggests that it will not be easy to find volunteers for that sort of self-sacrifice."

The Chancellor declared that in the past 12 months Britain's economic outlook had been transformed. The country was set for single-figure inflation by next spring. Three sets of cuts in income tax this year had already produced an increase in living standards.

Mr Healey said he thought the British people now fully understood that it was better to improve living standards through tax cuts with moderate wage increases than through excessive wage increases, which were leading to increased prices and unemployment.

The debate had been initiated by the left-wing Tribune Group, which wants a restoration of public spending cuts and more flexibility in the 10 per cent guidelines in the public and private sectors.

Mr Edward Fletcher, chairman of the group, said the working of the wages policy was as severe as any in the past. He called for more flexibility, particularly for workers subject to national agreements.

## Government to set up social work training fund

By Pat Healy  
Social Services Correspondent

The social work training fund demanded by a wide range of bodies is to be set up by the Government, Mr Ennals, Secretary of State for Social Services, made clear yesterday. The Government will provide half the finance and the fund will be sufficient to avert any crisis in training next year.

Pressure for such a fund has grown in the wake of fears that 600 training places would not be filled for the 1977-78 financial year because of public spending cuts. Local authorities, restricted in the number of staff they could take on because of the cuts, were reluctant to second social workers for training.

But Mr Ennals said in a statement yesterday that the predicted crisis had not happened, partly because of the extra grants his department had made available for postgraduate students. The number of social workers with the main professional qualification, the Certificate of Qualification in Social Work, was steadily increasing in spite of the economic situation.

He continued: "The department is now discussing with the local authority associations the creation of a central training fund with which, being paid in by the Department of Health and Social Security and the local authorities."

He was satisfied that the new fund would cope with any sort of crisis in training next year and pointed out that the department was already providing help with the administrative costs of courses leading to the new Certificate of Social Service. That qualification is intended mainly for existing staff in the social services, particularly those in residential care.

The announcement was welcomed yesterday by the Central Council for Education and Training in Social Work, although it noted that Mr Ennals made no mention of the size of the fund. But the fund would provide a more stable basis for social work training.

## Quiet leadership expected from new Head of Home Civil Service

## Sir Ian Bancroft is anxious to dispel the public's hostile attitude to Whitehall

By Peter Hennessy

Sir Ian Bancroft, whose appointment as Head of the Home Civil Service was announced last week, has begun to disclose the style of leadership he will adopt as head of his profession. He is unlikely to make any public statement before taking up his post at the Civil Service Department on January 1, his closest confidants in Whitehall have given an indication of his aims.

Chief among them is the desire to deflect public hostility from Whitehall. By the time he retires in 1982 he would like the Civil Service to have regained the esteem in which it was held in the late 1940s after its heroic role in the Second World War.

Sir Ian feels that there are

no easy answers to contemporary attacks on the Civil Service. He sees them as part of a wider reaction against "the system". He is convinced, however, that policy successes are needed to dispel the impression of failure and incompetence.

His friends, who have been at pains to mitigate the impression of reticence Sir Ian has given in many quarters, say he is determined that civil servants should demonstrate their ability to assist ministers in governing the country well. Whitehall should be more open in displaying its successes.

Whitehall expects a quiet style of leadership from Sir Ian. He has indicated that his model will be the late Lord Bridges, who set a Head of the Home Civil Service when Sir Ian entered the Treasury in 1947.

Consolidation rather than fundamental change will be his theme. As the man who built up the conglomerate Department of the Environment, as its establishment officer in 1970, and then disbanded it in 1976 as its permanent secretary, Sir Ian has become sceptical about the value of structural change.

His immediate preoccupation when he moves from Marsham Street to the Old Admiralty Building will probably be with three areas:

1: Replying to a critical report from the Commons Select Committee of Expenditure: he will have to advise the Prime Minister on the final draft of a White Paper.

2: Civil Service pay: the prospects of disorder for spring, 1978, are very great as the Pay Research Unit, which determines salary levels on the principle of fair

comparison with the private sector, will be reestablished only after suspension during a period of incomes policy, albeit in modified form, in time for the 1979 pay freeze.

3: Industrial democracy in government departments: on this issue the Civil Service Department cannot find an easy answer, since the supremacy of Parliament and elected governments in policy-making.

Another task Sir Ian has set himself is the healing of wounds inflicted upon each other by the Civil Service staff associations. His cautious diplomacy will be applied to that area in the next 12 months.

The overall impression Sir Ian has given his senior colleagues is his determination to think his way into the job and to avoid committing himself to grandiose initiatives. He will replace Sir Douglas Allen, who retired at the end of the month.

## Mr J. Jones calls for talk-ins, not walk-outs

By Christopher Thomas  
Labour Reporter

Mr Jack Jones, general secretary of the Transport and General Workers' Union, appealed for industrial peace when he delivered his annual Richard Dimbleby Lecture last night.

In a message to "fellow trade unionists" he said: "The world does not owe us a living, and we must not be afraid to tackle our own shortcomings. There are too many strikes. All of them have a reason, but many could be avoided by more discussion or conciliation."

Peace in industry was more important and more urgent than a further period of pay restraint, Mr Jones told at workers' Hall, London. The lecture was televised on BBC 1.

He saw the Advisory Conciliation and Arbitration Service (Acas) as the answer to many difficulties, but said that it was bogged down with work.

Mr Jones deplored physical attacks on the police or anyone else, and said that the incident that took place outside the Grunwick factory should be avoided at all cost.

The Scamman inquiry into Grunwick had not been accepted, and deadlock continued. That type of approach did more harm to the economy and good relations in industry than the actions of the most militant workers.

It was not too late for Scamman to be accepted. Acceptance of such awards were positive contributions to industrial progress. The negative attitude was industrial sabotage.

The argument was clear. If strikes were to be avoided, industrial justice must be made available easily and speedily. There was no use condemning a strike unless one put something in its place.

People wanted the unions to reassert their authority for new settlements. People must be persuaded to get round the table over industrial difficulties. The idea must be developed that the walk-in, rather than the walk-out, was the way to be properly presented.

People wanted the unions to reassert their authority for new settlements. People must be persuaded to get round the table over industrial difficulties. The idea must be developed that the walk-in, rather than the walk-out, was the way to be properly presented.

But if the unions are to play their part in this, they need to be able to negotiate freely. I understand the Government's view on this. No one understands better. But the Government would do better to urge both sides of industry to get together to raise production levels and increase efficiency and investment.

Mr Jones said that too often ordinary people were the victims when trade unions tried to force a result from employers or the Government. Indifference to the effects of the public would be contrary to good trade union principles.

He continued: "I am not suggesting that we abandon the right to strike. But we must understand better. But I believe there is a need to reduce the number of strikes by finding alternative ways to resolve our differences."

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There is no doubt about it. Power lies with the employer, but with the growth of the unions there is a more balanced relationship, with give and take on both sides. And that is how it should be."

Leading article, page 19

2,000 ponds saved  
More than two thousand ponds have been saved and many more reclaimed by the British Wildlife Foundation, organized by the British Wildlife Foundation and sponsored by Ford of Britain.

She was terrified of Mr Anderson's strength. When they made love he was lying on the bed "grinning like a monkey" moving his hips with her.

Miss McKinney went on to discuss Mr Anderson's organs. She said he could not have an orgasm unless he was tied up. His mother was over-protective and he did not get pleasure from sexual intercourse.

He had to make love with the lights on "and wash up afterwards." He thought sex was dirty and had tried to put the blame on her, but she had done only what he had requested.

Mr Stuart Elgrod, for the defence of Miss McKinney, submitted that there was no case to answer, and said evidence given by Mr Anderson earlier was manifestly unreliable.

Mr Robert Marshall Andrews, for the defence of Mr May, said the Devon operation was seen by his client as "a rescue from an oppressive and tyrannical organization," the Mormon church, and that it was necessary for Mr Anderson's own good and his life.

Of the alleged incidents in the cottage, she said: "How could an eight-stone girl rape a 18-stone, 6ft 2in man? His legs are as big round as my waist."

Referring to the guns, said to be used in the alleged kidnapping, she said: "I loved him so much that if anybody had tried to shoot him I would have stepped in front of him and begged the bullet to stop."

The bench also found a case to answer on a joint charge of possessing chloroform, and on separate charges of possessing in the kidnapping outside a Mormon church in Ewell, Surrey, in September. Both

were committed for trial and granted bail of £3,000.

Miss McKinney read from a statement she had made and said that in July, 1975, in Utah, she and Mr Anderson, who stayed together all night. He proposed marriage to her. The most important commitment she had made was to give her virtue to Mr Anderson.

Miss McKinney said she had saved £9,000, "my entire savings," to come to Britain, and added: "If I did not have faith in his (Mr Anderson's) love for me I could not have flown halfway round the world with my wedding band (wedding ring) and my trousseau in my suitcase to see him."

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## Son buried in a field, court told

By John Young  
Planning Reporter

Stephen Menbeniott, aged 19, was treated like a lackey by his robust father, a farmer, it was stated at a trial at County Court, Cornwall, yesterday, by Mr David Owen-Thomas, QC for the prosecution. He was savagely beaten.

The weapons included high tension cables, scaffolding, a shovel, broomstick, fence post and a potato tray, counsel added. The young man also had a knife thrown at him, he was hurled at him, and he was punched repeatedly in the face.

He was seen tethered outside his cottage home and was not allowed to leave the farm for fear that people would see the tale-tale marks of violence, Mr Owen-Thomas continued.

Counsel added that the young man was eventually killed by his father and buried in a corner of a field.

William Menbeniott, aged 33, of Holy Vale, St Mary's Isles of Scilly, denied murdering his son between December 25, 1975, and March 1 last. He also pleaded not guilty to four charges of causing his son physical harm, but admitted intending to prevent the holding of an inquest by burying the body.

"The story we have to tell is one of repeated bullying and acts of savage violence aimed at this young man," Mr Owen-Thomas said. One of the defendant's daughters frequently saw the father hitting and kicking his son.

At the end of October, 1975, the son went to a dentist and three of his front teeth were found to be damaged beyond repair. "The violence had been such that it had broken off large parts of the crowns of the teeth," counsel said.

Earlier, the jury had been shown four ribs, with five fractures. Mr Owen-Thomas said a pathologist would tell them that three of the ribs had been broken some months before the young man's death. A fourth rib had been fractured twice, "some time in the last few days of the life of this youth," he said.

Mr Owen-Thomas said that when the young man died Mr Menbeniott said he could not have a proper funeral. "After Menbeniott had dug a shallow grave in California Field, the body was taken in a car and a wheelbarrow covered with tarpaulin." The body was put in the grave and earth had logs were put on top, counsel said.

The 10 per cent already been paid. Small improvements have been made in special payments for Christmas Day and Boxing Day.

Mr Trethowan repeated the BBC's view that next year's increase in the licence fee will have to be substantial and last for more than a year.

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## New measures of prosperity and success advocated

By John Young  
Planning Reporter

Birmingham

The concept of the five-and-a-half-day week "should be changed to one of three three-days," Mr Tom Clack, President of the Royal Town Planning Institute, told the annual conference of the Town and Country Planning Association yesterday.

One such "week" would be used for production and income, he said. The other would be free for recreation and the exercise of talents and capabilities, which few people had, so far had time to develop.

Growth, production, cash flows, consumption of energy, even tonnages of garbage were today's measures of prosperity and success. Suicide rates, alcoholism, vandalism and other signs of desperation were seen as mere statistics, part of the price to be paid for such levels of prosperity.

"We keep men grinding away at machines to make things we don't even want, and then employ thousands of advertising men and salesmen to flog them to unwilling consumers," he said.

"There must be something fundamentally wrong with economic lines of thought that lead to such waste of men's lives and destruction of materials."

Our Victorian ancestors would be appalled to find that the better part of a century later, we were still planning for levels of automation, communications, and sanitation available in their day. We had at our command levels of mechanical, electronic and medical capabilities undreamt of in their "upstairs, downstairs" era, but had not the good sense to cash in on them.

"If, as I hope, we shall be able to get our mess straight, I foresee our planning for new levels of happiness and affluence beyond the wildest dreams of our Victorian Grandfathers."

Mr Tom Hancock, an architect, who was responsible for the draft plan for Peterborough New Town, said planning had become a syndicate profession, wedded to the machinery of government.

Public disillusionment might prevent it from filling a central role in future; unless it was prepared to create of itself a more positive and responsive system, it might eventually be discarded.

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## £1m appeal to be launched for Exeter Cathedral

By Hugh Clayton

Exeter

An appeal is to be launched next October to raise £1m for Exeter Cathedral. Mr Peter Gundry, cathedral architect and surveyor, said yesterday that although there were no serious foundation or structural difficulties, urgent work was necessary to prevent external decay of the stonework in the south tower, including the high parapet walls on the south and west sides.

The medieval sculptures on the west front, he said, were in mortal danger of becoming formless masses. Lead on the roof had to be relaid at a cost of nearly £80,000.

The south tower is one of the earliest surviving parts of the cathedral. Work on it began in 1125 and ended in 1205.

Mr Gundry said new techniques, some of which had been used recently at Wells Cathedral, would be employed at Exeter. The cathedral's masons would use the same type of stone as the original builders for resurfacing work.

The Dean of Exeter, the Very Rev Clifford Chapman, said an interdenominational board of trustees would be formed. It would be called the Exeter Cathedral Preservation Trust.

The cathedral's last big appeal was in 1965, when £258,000 was raised.

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## Shepherd is the star of Smithfield

By Our Agricultural Correspondent

Mr Thomas Williams made a rare descent yesterday from the Welsh hillsides where he has worked for more than thirty years to confront the merciless publicity machine of the Royal Smithfield Show. He survived the circus with such grace that his passage outshone that of the supreme champion beef itself.

It was Mr Williams' fate to be named Shepherd of the Year and win £100 in a contest sponsored by Merck Sharp and Dohme, a leading supplier of human and animal medicines. Mr Williams, aged 60, who had never visited London before, was said by the judges to embody "all the finest qualities of the traditional hill shepherd."

Professor Gordon Dickson, Professor of Agriculture at Newcastle upon Tyne and chairman of the judges, said: "He is very reticent until you get him on to sheep. He sees it almost as a vicar does his parish."

Mr Williams lives a life of such remoteness as to fulfil an urban publicity man's dream. The sponsors discovered that he used to step out of his coat in winter and leave it standing in the snow on the kitchen floor. "When Tom came down the following morning the coat would still be standing ready for action."

Mr Williams said that he lived near Denbigh, Clwyd, six miles from the nearest bus stop in a house without main electricity. "You must like sheep before you do the job," he said. The weather is the main factor.

The partnership farms 4,500 acres with 1,000 head of cattle near Aylsh, Tayside. The reserve champion was a 14-month-old steer from a Charolais sire and an Aberdeen Angus dam, entered by Lohor and McMillan, also a

dean Angus cross. Mr John Lascelles, who bred the winner, denied suggestions that it was purely a show beast with no relevance to market demands. "He is one of those we selected out of the commercial herd," Mr Lascelles said.

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## HOME NEWS

### Public funding urged for London's three main music colleges

By Kenneth Gosling  
Arts Reporter

A committee set up four years ago to consider the training of professional musicians has proposed that the three main colleges of music in London should become part of the public sector, being maintained by local authorities or become colleges of London University.

The three are the Royal Academy of Music, the Royal College of Music and Trinity College of Music.

Explaining its reasons, the report, commissioned by Calouste Gulbenkian Foundation, says "it is unsatisfactory in principle that the form of state subsidy provided to the most eminent music colleges in the country should be one of a guarantee against loss rather than a positive programme for the development of musical training and education."

"Instrumental music has been unduly kept out of the mainstream of higher education to its disadvantage. Now that the taxpayer is making a direct subsidy to these colleges as well as giving the indirect subsidy that is obtained from student grants and fees, then it is surely right that instrumental music training in London should take its full place in higher education, as in Scotland, Wales and the rest of England."

This recommendation is one of 29, directed, according to the committee's chairman, Lord Valze, to more effective expenditure, with more money going to a few schools and colleges and savings made by reducing the number of students at colleges of education.

"We want to make the training of professional musicians more effective and more helpful to musicians themselves and to their audiences," he says. The number of people in posts requiring musical training was more than 36,000 in 1975, the last year quoted by the committee.

Musical colleges should concentrate mainly on the training of intending performers and instrumental teachers, the report says, rather than on those intending to become class music teachers or merely seeking a higher education in music.

It recommends a reduction in the number of students entering music colleges, which should offer four-year first-degree courses carrying mandatory student grants. Occasional playing should get a higher priority, and the ratio of teachers to students should be increased.

Fees for part-time teachers in the London colleges, which are notoriously low, should be linked to full-time salaries for comparable posts elsewhere in higher education.

The committee shares the concern of principals of the London colleges over the low salaries of professors in their colleges and recommends large increases.

Referring to the school-age musician, the report expresses concern at the wide disparities in spending among local education authorities in different parts of the country. It says they should be prepared to support gifted children at specialist music schools.

The report also notes the needs of the young composer and suggests that the Arts Council should consider giving more funds for the preparation and playing of new music as soon as the composers emerge from full-time study.

Similarly, funds should be provided to enable the opera houses to maintain one or two young conductors in addition to their permanent establishment.

Training Musicians (Calouste Gulbenkian Foundation, 86 Portland Place, London W1N 4ET, £1.50).

### Unity plea by Tory to defeated challengers

Fresh from her victory over the leaders of her constituency party who tried to oust her as prospective Conservative parliamentary candidate for Huddersfield, East, Mrs Margaret Wood appealed yesterday for unity.

She asked Mr Lionel Wood, chairman of the constituency association, to withdraw his resignation. She also urged other executive members who said on Monday night that they were resigning to reconsider their positions.

Mrs Wood and Mr Wood have disagreed for some months about the duties of a prospective candidate. In September Mr Wood wrote to her saying that the executive committee was concerned about her apparent lack of activity and a month ago it voted to ask for her resignation.

The executive said she then resigned orally but Mrs Wood denied doing so. When it was announced that the executive committee was seeking another candidate 24 rank-and-file members signed a motion calling for a special general meeting of the association.

At the end of the 21-hour meeting on Monday night the vote was 68 to 42 in favour of Mrs Wood's continuing as candidate. Mr Wood immediately announced his resignation from the association and several other executive committee members who had opposed Mrs Wood said they would resign.

### Commercial art galleries, 3: Selling to the rich takes showmanship Fruits of van Gogh's canny Scots flatmate

By Roger Berthoud

All an art dealer really needs to be in business is an eye, some money, a great deal of knowledge and some contacts. Mr Edward Speelman, for example, never had a gallery but made a lot of money dealing in Dutch pictures from a couple of rooms three floors up in Piccadilly, before leaving for Switzerland and handing over to his son. He sold only about thirty top class pictures a year.

Many dealers have a streak of the showman in them. Galleries enable them to indulge their flair and generate their own history and associations that can be most useful, especially when dealing with the wealthy.

Reid and Lefevre, of Bruton Street, the leading specialists in Impressionist and Post-Impressionist art, are a case in point. Their association with the Impressionists goes back to 1886, when Alex Reid, a Glasgow dealer's son, went to Paris, got to know Vincent van Gogh and shared a flat with him.

He met most of the Impressionists, became a champion of their work, and started sending it back to Glasgow. Little can he have imagined that in 1975 the gallery he helped to found in 1925 would sell a van Gogh to an unnamed client for more than a million pounds.

The firm is now in the hands of Gerald and Desmond Corcoran and Mr Martin Summers, son of the late steel magnate, Sir Spencer Summers. Since the gallery showed such artists as Cézanne, Gauguin, Seurat, Modigliani, Utrillo and Picasso in the 1930s, many of their



Mr Martin Summers: Selling Renoir and Degas on approval.

finest works have gone into museums, never to return. "Luckily painters like Renoir, Cézanne and Degas were very prolific," Mr Summers says. "We know where all their major pictures in private hands are—most of them are in our catalogues—and we have either to get there first or pay more than anyone else when they come on the market." That requires considerable nerve.

There are three ways of selling: by auction with a reserve; by asking us to buy it; or by giving it to us to sell on commission, a flat rate of 15 per cent. It used to be 10 per cent, but you have to insure, possibly clean and reframe it. Almost 90 per cent is sold

abroad, almost exclusively to private clients. There are a lot of rich people in the world. There has been a sad decline in collecting here, but there are signs it is coming back."

Clients include Greeks, Swiss and a lot of Americans. Some Japanese are coming back after spending prodigious sums, not always wisely, between 1959 and 1974, when they dropped out (preceded by the Italians, who have stayed out).

Mr Summers spends at least four months a year visiting collectors abroad. "They want to keep up to date. You establish a rapport, so when he is in a buying mood he might come and see you. He may say: 'What have you got?' You bring out your bin by 12 in transparency, and the client can get a very good idea."

"I can get a picture anywhere in the world in three days. He may want to see it in the house; you send it on approval. The insurance cost is colossal. You have to be pretty sure he is on the way to buying."

Mr Summers estimates that there are about fifteen big dealers in Impressionist in the world, mainly in New York, Paris and Basel. The chief competition in London is from Marlborough Fine Art, which was founded after the Second World War by two Viennese who met during the war in the Royal Pioneer Corps.

They were Mr Harry Fischer, who set up on his own in 1972 and died this year, and Mr Frank Lloyd, now retired and living mainly in Nassau and Paris. Mr David Somerset, heir of the Duke of Beaufort,

is chairman, with Mr Gilbert Lloyd, son of the founder, as managing director.

In the past 15 years Marlborough has developed associated galleries in New York (where a law suit concerning the estate of the painter, Mark Rothko, led to damages and fines against the gallery), Mr Frank Lloyd and the executors totalling £4,626,000 in 1975), Rome, Zurich, Montreal and Toronto, but has ended links with the last two after "market changes". Mr Gilbert Lloyd says.

In 1975 the London gallery, in Albemarle Street, made a loss of £117,000 from a turnover of £829,477 (a big drop from the previous year), according to Companies House records. But Mr Lloyd says that this year has been very good.

He thinks they are at present making more money from Impressionist and Old Masters of the twentieth century, like Picasso, than from the British "heavyweights" for which they are best known: Henry Moore, Francis Bacon, Graham Sutherland, Eduardo Paolozzi, R. B. Kitaj, and so on.

Marlborough is "auto-financed", as Mr Lloyd puts it. Probably 80 per cent of sales go abroad, mainly to private clients, for example Greek or American collectors who buy right across the Impressionist and modern spectrum. But they also sell a lot to museums.

Museums may be slow to make up their collective mind (too slow for some dealers). "But when a museum has committed itself, it produces the money."

Next: Leading characters

### Payments to county secretary 'not illegal'

The £8,000 lump payment and the £100-a-week inflation-proof life pension awarded to Mr Anthony Johnson, aged 42, when he retired from his job as county secretary of Hampshire through ill health, was legal, even though he took an £11,500-a-year job in Wales within a year, it was stated by the district auditor yesterday.

Hampshire County Council had taken no independent medical advice about his health when it became known that Mr Johnson had been appointed head of legal services to the Welsh Land Authority in Cardiff, a complaint was made to Mr A. J. Kappier, the district auditor.

Mr Kappier has dismissed the complaint on the grounds that the pension deal was lawful and that Hampshire County Council's decision "was not so unreasonable as to be contrary to law".

Mr Keith Robinson, Hampshire's chief executive, said yesterday: "The finding confirms the council's view that it acted fairly and reasonably."

In dealing publicly with any individual's health and pension particulars the county council has been, and will remain, understandably reserved and circumspect in its comment."

Councillor Frederick Emery Wallis, leader of the county council, said the decision was a vindication of the council's action.

### Minister gives backing to neighbourhood councils

By Christopher Warman  
Local Government Correspondent

Neighbourhood councils could help to prevent the inner-urban difficulties which the main cities were experiencing, Mr Freeson, Minister for Housing and Construction, said in London yesterday.

Many of the issues emerging had arisen from the separation of government and local government departments and from their failure to identify with local communities. "We can overcome this by establishing neighbourhood councils to reinforce the democratic principle at grass-roots level."

Mr Freeson was launching a handbook explaining how to set up neighbourhood councils and how they can influence decision-making at local level. It was produced by Mr R. M. Knowles, past chairman of the Association of Metropolitan Authorities' general services committee.

Mr Freeson said much of the present disillusionment with politics came from resentment at the way important decisions were taken by remote national and local governments. People could not identify with those bodies and felt powerless to influence decisions. Neighbourhood councils, the equivalent of parish councils in an urban setting, could help to rectify the situation.

In a foreword to the handbook Mr Shore, Secretary of State for the Environment, emphasised the need for neighbourhood councils to establish good working arrangements with local authorities. "Neighbourhood councils are a form of grass-roots democratic representation at a true local level. It is essential that they are complementary to and not rivals with democratic local authorities."

There are about 50 neighbourhood councils in England at present, some of which receive grants from local authorities, but most of the money needed to run them is raised within the community itself. The handbook describes a neighbourhood council, which should ideally be an identifiable community of between 5,000 and 10,000 people as its "eyes and ears". It differs from other local organizations because it represents all the people in one neighbourhood, not a sectional interest.

A Voice for Your Neighbourhood (Stationery Office, 50p).

For security reasons it was agreed that the report should be made available to the other 29 members of the committee only on the day of the meeting.

Mr Lofthouse said: "The tribunal's report and the police committee's decision on it will then be sent to the Home Secretary." Mr Parr faces 37 disciplinary charges.

Air Wales takes off to build up new business

Air Wales took to the skies yesterday as one of the world's smallest national airlines but with big plans for expansion.

A nine-seater Piper Chieftain aircraft made the inaugural flight from Rhosneig, near Cardiff, to Hawarden, near Chester, with five passengers who paid £16.50 for the single flight.

Air Wales does not expect to make a profit for at least a year and will receive a £3,000 subsidy from Clwyd County Council to offset losses. The council want to promote the service to attract new business to an area badly affected by unemployment.

The £200,000 Piper will provide a twice daily North-South Wales link. The service is being extended to Brest and Cherbourg, and later to Brussels from Cardiff with two Brazilian planes, and possibly on a Swansea to Garwick route.

### Women who defied court order fined £150

From Our Correspondent  
Edinburgh

Sheriff Nigel Thomson fined eight women from Dunbar Street, Edinburgh, £150 each on December 20 to consider the recommendations of a tribunal that examined disciplinary charges against Mr Stanley Parr, the county's suspended chief constable.

After a private session of the committee yesterday, Mr Frank Lofthouse, the chairman, said that he had received a copy of the report and recommendations prepared by Mr Patrick Bennett, QC, the chairman of the tribunal.

For security reasons it was agreed that the report should be made available to the other 29 members of the committee only on the day of the meeting.

Mr Lofthouse said: "The tribunal's report and the police committee's decision on it will then be sent to the Home Secretary." Mr Parr faces 37 disciplinary charges.

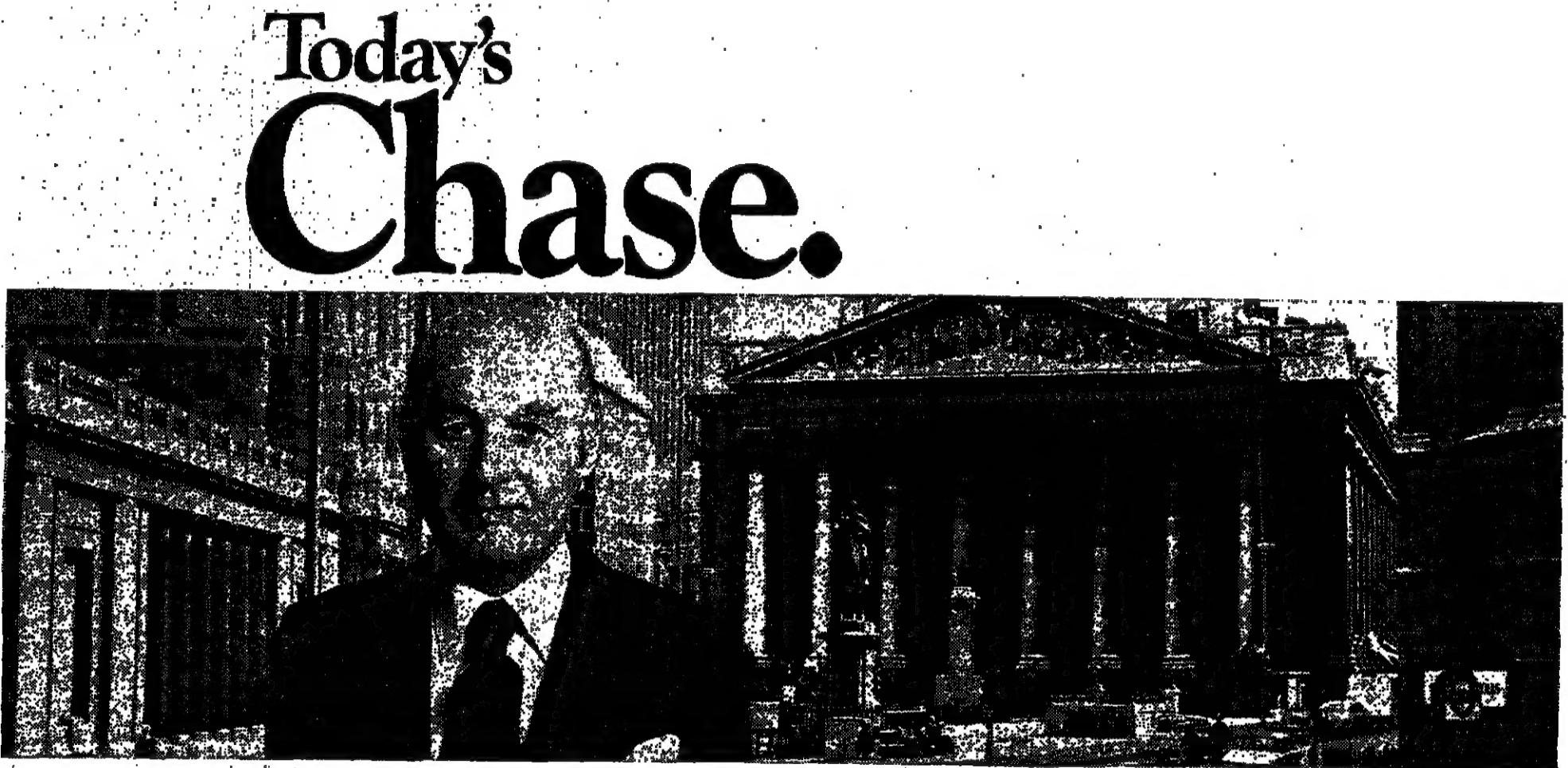
Mr Vincent Belmonte, solicitor for Mrs Violet Eager, a daughter of the late Mrs Dora Noyce, who ran the house as a brothel for 40 years until her death in July, asked if a sheriff to deal with the women severely. A custodial sentence might be appropriate.

Mrs Eager had been granted an interim interdict to stop the house being used for the purposes of habitual prostitution. Mr Belmonte said he had received further affidavits from neighbours alleging further breaches of the court order.

Ban on Icelandic boats may end

Talks that could lead to a lifting of the ban on Icelandic fish landings at British ports began yesterday near Selby, North Yorkshire.

Pressure on Eddi and Grimby "bobbies" to accept Icelandic boats is increasing as catches from elsewhere diminish.



Otto Schoeppler—Chairman—Chase Manhattan Limited

## The relationship bank that raises the large scale funds for the big deals.

The Chase covers every aspect of banking through its world-wide network, but to provide the very best service some specialized fields are handled by separate subsidiaries. Merchant banking is now so important that Chase has established a separate merchant banking company, Chase Manhattan Limited, headquartered in London and working closely with the world-wide Chase Network. It is one of the banks capable of handling the world's major financing deals. But, however large the sum of money involved, it is the enduring relationship between Chase and its borrowers that really matters. Chase Manhattan Limited is there to help you and your organization raise the large scale funds you need. The solution to your problem may be a syndicated loan, a Eurobond issue, or a private placement; or a combination of these as well as other sources.

Over the last year Chase has managed, or co-managed, syndicated loans worth over 10 billion dollars to governments, institutions,

corporations and major projects all over the world.

Another important part of Chase Manhattan Limited's service covers direct investment in the USA. Specialists who know the American market in-depth are there to help you enter the US market via the direct investment route.

Chase Manhattan Limited is an integral part of the overall Chase organization which delivers to its customers a continuity of personal service and speed of response. It is this relationship that links you to so many other Chase services.

**Chase Network**  
Chase can provide vast sums of money in local and Eurocurrency and operates essential banking services in over 100 countries.

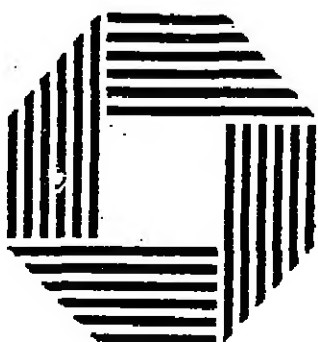
**Chase Foreign Exchange**  
Chase has foreign exchange and money market operations in all the key markets of the world with European centers in London, Frankfurt, Paris, Geneva, Vienna, Athens, Milan,

Luxembourg and Copenhagen, all linked directly with each other and with New York.

**Chase Trade Financing**  
The in-depth knowledge of the world's big export opportunity markets with all their complexities is at your disposal through Chase's trade finance specialists.

**Chase Information Group**  
You can't make decisions or even know where to look toward expansion without all the facts. Chase World Information Corporation provides just such information for companies around the world. Another company in the Chase Information Group is Chase Econometric Associates, today's most respected economic forecasting specialist.

**Chase Energy Group**  
With over forty years experience working closely with the energy industry, Chase is a leader in this field. We are capable of providing assistance on the most complex energy related projects and financing.



# CHASE

Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD. France: 41 rue Cambon, Paris 75001. Germany: Taunusanlage 11, 6 Frankfurt/Main 1 and offices in Amsterdam, Antwerp, Athens, Bari, Belfast, Brussels, Copenhagen, Dublin, Düsseldorf, Geneva, Ghent, Guernsey, Hamburg, Jersey, Liege, Luxembourg, Lyon, Madrid, Milan, Munich, Piraeus, Rome, Rotterdam, Salónica, Stuttgart, Vienna, Zurich.



## WEST EUROPE

## Third day of protest rioting in Malaga

From Our Correspondent  
Madrid, Dec 6

Left-wing demonstrators and riot police clashed in Malaga for the third day running today during a one day strike staged in protest against the shooting of a young Communist worker by the police during Sunday's Andalusian home rule demonstration.

Police fired volley after volley of smoke and tear gas bombs, as well as rubber bullets, to disperse the demonstrators, particularly in the old quarter of the city.

Last night, after the shot worker's funeral, the headquarters of the extreme right-wing movement Fuerza Nueva were burnt down and the residence of the civil governor and the police barracks were attacked by several thousand stone-throwing demonstrators. Two policemen were seriously injured.

Neither of Malaga's two newspapers appeared today and most shops and bars were closed. Public transport was at a standstill and rubbish had not been collected from streets for two days.

Many balconies and windows were adorned with the green and white striped flag of Andalusia, with a black bow in the middle as a sign of mourning for the Communist.

The Cortes will study the causes of the violence in Malaga, the worst since the Civil War, at its next plenary session.

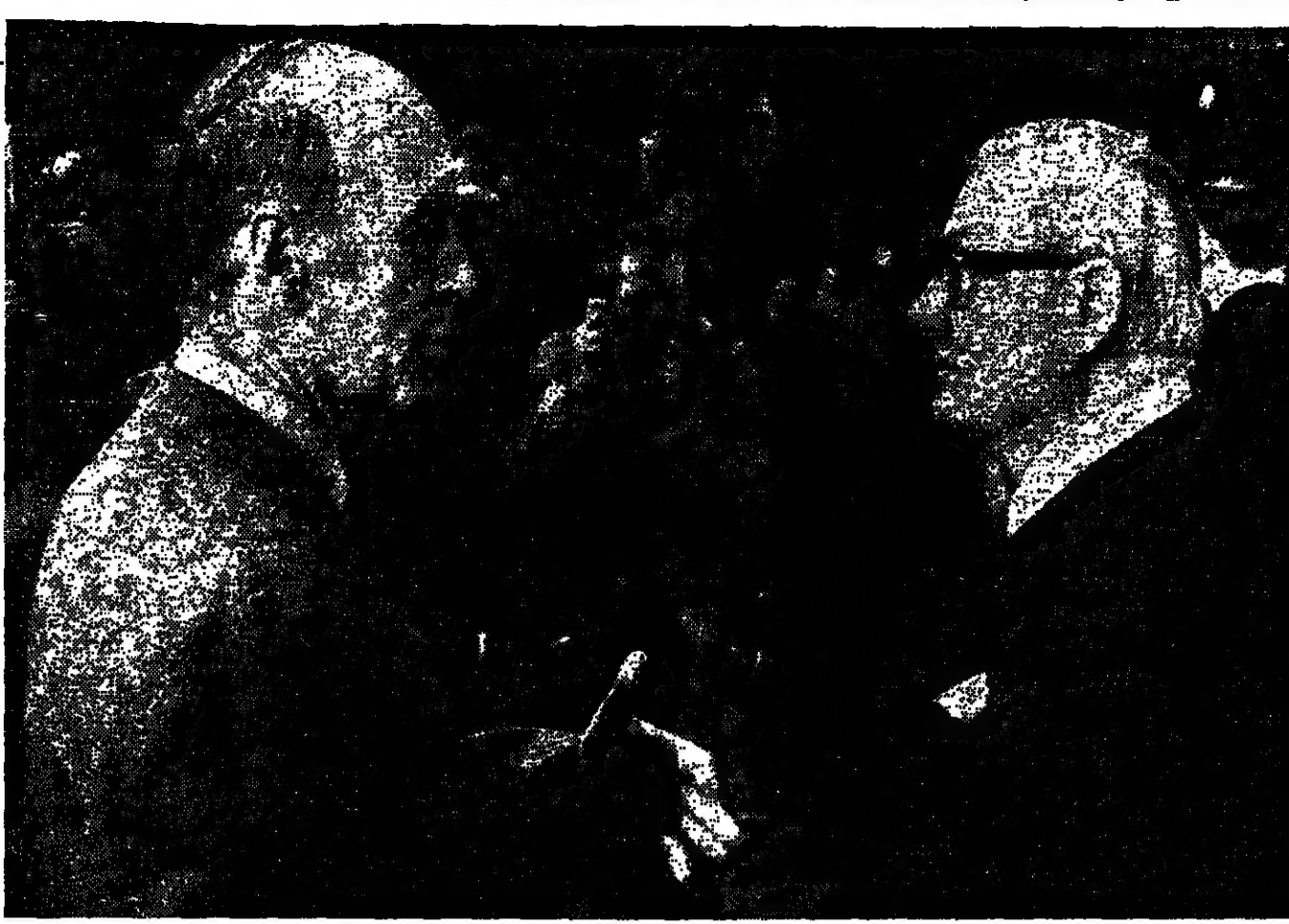
This evening, the Madrid newspaper *Diario 16* appeared with the sensational headline "Arde Málaga" (Málaga burns), reminding Spaniards old enough to remember the burning of the city during the Civil War in 1936.

Other newspapers have pointed out that Andalusia now has its first martyr for the cause of autonomy.

In other parts of Andalusia, there were work stoppages. A plastic bag containing over 600 of explosives was found this morning in the lavatory of a small Civil Guardia barracks outside San Sebastian.

The explosives were found to go off five minutes after they were discovered.

**Santa's £25,000 haul**  
Oetwil am See, Switzerland, Dec 6.—It seemed like early Christmas when a beaming Santa Claus strolled into a bank here today but instead of handing presents to the staff he drew a pistol and made off with 100,000 Swiss francs (£25,000).



President Giscard d'Estaing of France makes a point to Mr. Callaghan before the start of yesterday's European Community summit meeting in Brussels.

## Soares plea for end to time-wasting

From Our Correspondent  
Lisbon, Dec 6

Dr. Soares, the Portuguese Prime Minister, today asked Parliament for a vote of confidence in his minority Socialist Party Government, saying that the country's economic crisis was so grave that "we cannot waste time on political problems".

He called for the vote after weeks of intensive negotiations with opposition parties failed to produce agreement on a national austerity plan.

Speaking at the start of a marathon two-day debate, Dr. Soares said he was asking the Assembly to decide on two things: should the Government be kept in power; and did Parliament accept in principle the present negotiations with the International Monetary Fund (IMF) and its demand that Portugal's balance of payments deficit be reduced by a third.

At present, the outcome of the vote appears uncertain. The vote is expected late tomorrow night.

## Nato chief urges aid for Turkey

From Henry Stanhope  
Brussels, Dec 6

Nato defence ministers were warned in Brussels today of an urgent need to give military assistance and aid to Turkey and Portugal on the alliance's troubled southern flank.

The warning from General H. F. Zeiner, Gundersen, the Norwegian chairman of Nato's military committee, was clearly indirectly aimed at the United States Congress which remains reluctant to endorse a \$1,000m (€555m) defence agreement with Turkey as a result of the Turkish invasion of Cyprus three years ago.

The gap in conventional capabilities between Nato and the Warsaw Pact continued to widen, he said, and shortcomings on the northern and southern flanks were of particular concern.

Some of the allies needed help, particularly in modern equipment if they were to play their full part in Western defence. "If it is not provided, the alliance as a whole will suffer." If Nato failed to fill its strategic void, somebody else would do so.

In a review of the military balance for Nato defence planning committee General Gundersen said that a "serious numerical shortfall" in ships was the main concern of Western naval chiefs.

Despite improvements in the allied forces, they were failing to keep pace with the airborne, surface and sub-surface threat posed by the Warsaw Pact.

As for the balance of forces on land and in the air, there was a trend in the Warsaw Pact towards numerical stability. It was the pact's programme of qualitative improvements which was worrying the West.

The present gap in conventional forces was largely attributable to NATO's allocation of "insufficient resources" to defence.

The target of a 3 per cent increase in spending which was established at the alliance's summit meeting in London last May was a promising step forward. But it would not be enough in itself.

Asked at a press conference about his opinion on possible Nato deployment of the controversial neutron bomb, General Gundersen said that it was a "frightening weapon—as are all weapons".

It offered military advantages by helping to counteract the disparity between Nato and the Warsaw Pact in armoured divisions. But whether the West should have it was very much a decision for the politicians.

The final examination of how countries are meeting the 3 per cent target is not expected until the next summit in Washington in six months. So far only four members have outlined their programmes.

Britain's own progress should be better gauged after the forthcoming public expenditure survey. But British officials say that substantial progress has been made towards achieving some of the shorter-term measures with which Britain was also charged at the summit.

The measures which all allied countries were asked to pursue were in anti-air warfare equipment, the build-up of war reserves and the speedy reinforcement of peacetime armies.

The British, the Americans and the West Germans are putting pressure on the Dutch to send another brigade of troops in West Germany.

Although the Netherlands, like Britain, contributes one corps to Nato's Northern Army Group, only one brigade is stationed in the ground near to its battlefield positions.

Greek-Turkish meeting, page 3

## Italy repeats Diocletian's price curbs failure

From Peter Nichols  
Rome, Dec 6

Whatever happened to the Government's war on rising prices?

There was one: people vaguely remember it and recall a promising official campaign by which citizens would be informed of the prices they could properly be charged for foodstuffs, and given a telephone number to ring if some cheating grocer tried to make more than the law allowed.

It all comes back after yesterday's announcement by the national fruit and vegetable wholesalers' association—in times of some alarm—that they are already having to pay 150 to 200 per cent more to the producers than this time last year. If nothing were done, the heights of the absurd would have been reached by Christmas, they said.

They want the old structure of wholesale markets abolished and replaced with something new which would allow political authorities, producers and shopkeepers to arrive at fair prices "after an open and democratic dialogue".

The last attempt at popular involvement in price control goes back to the summer of 1973, when the Prime Minister was Signor Mariano Rumor. It might as well have been the Emperor Diocletian who in AD 301 published an edict specifying maximum prices to try to control the cost of living in an empire facing decadence.

His *Edictum de maximis pretiis* did not have much success. But this did not deter Signor Rumor's Government from making a similar attempt a year later and drawing up a list of prices, province by province, which had to be displayed in shops so that customers could check that they were not being overcharged.

The effect was to raise prices in small towns and villages to the level sanctioned by the prefects who sit in the provincial capitals.

The real difference between Signor Rumor and the Emperor Diocletian was that the latter's Government revised the novel idea of issuing a telephone number which customers could use to report excessive prices. "Phone the Government" was the slogan.

Customers are born users of the telephone. They will telephone many times before thinking of writing a letter. But the campaign did not work out as it should have done.

Customers sometimes consulted the lists of prices but, unfortunately, as if ashamed of being seen worrying about a few pence, Housewives showed a disturbing tendency of preferring to pay more than the price for the weight of a purchase to be checked.

For a few weeks, the Government received some telephone calls and some shopkeepers were chastised. But there were even reports of bakers taken manacled to prison in the first embarrassment.

But, in the words of an official today, "the idea was not really much appreciated". He added: "It might have fared better in England."

In Rome the number offered with such publicity to the public is forgotten. The telephone company, however, trying to get rid of calls, has put the number in the offices of the interministerial committee on prices. There, a woman refers callers to another number which turns out to be the Chamber of Commerce.

Rather more respect is shown in Milan. The telephone number originally at the disposal of disgruntled customers has been promoted to that for the prefect's office for the administration of justice. As for the manacled bakers, they are as much a thing of the past as the Emperor Diocletian.

## UN staff's token strike in Geneva

From Our Correspondent  
Geneva, Dec 6

The 3,000 staff at the United Nations Palais des Nations have been asked to observe a one-day token strike tomorrow. The strike will coincide with discussions on the Geneva pay situation in the fifth committee of the General Assembly in New York.

The union committee says the strike is to draw public attention to the fact that the decision of Dr Kurt Waldheim, the Secretary-General, to apply a pay freeze as from January 1 is a blow to the morale of the staff.

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## OVERSEAS

## Mr Carter accuses Russia of continued human rights abuses

From David Cross  
Washington, Dec 6

President Carter has accused the Soviet Union and East European countries of failing to live up to the Helsinki agreement by continuing to violate human rights.

In a report to Congress published this week, Mr Carter said that claims of compliance by the Soviet Union and its allies were contradicted by "the reality of Eastern societies and by specific incidents", like the persecution of people trying to encourage their governments to implement the promises made in the Helsinki conference two years ago.

The President is required to report to a congressional commission every six months about the way in which the Helsinki pact is being implemented by the 35 signatories. The latest report lists what Mr Carter calls "a representative sampling" of human rights infringements by East European governments.

He says past several prominent dissidents named in earlier reports, including Mr. Anatoly Shcharansky, Mr. Alexander Ginzburg and Dr. Yuri Orlov, remain in detention and may be put on trial, although the charges against them remain unknown.

Moreover, two Ukrainian members of a group set up by Mr. Orlov to monitor Soviet compliance with the Helsinki pact have been sentenced recently to labour camps for periods of seven and 10 years respectively.

In Czechoslovakia, Mr. Carter says, the authorities continue to try to silence members of the Charter 77 human rights movement. They like their Russian counterparts, are seeking conformity with various international agreements, including the Helsinki pact.

Other abuses include the imprisonment of several thousand East Germans for trying to leave the country without permission, religious persecution in most East European countries and the use of psychiatric hospitals to suppress political dissent in the Soviet Union.

On a more positive note, Poland has recently announced a general amnesty for about 10,000 prisoners, including human rights activists and workers imprisoned after civil disturbances in the summer of last year, Mr. Carter says.

These kind words for the Polish Government may not be entirely coincidental. Warsaw will be the only port of call in Eastern Europe for Mr. Carter when he tours Asia and Europe at the end of the year.

Mr. Desai announced the appointment of a high-level committee, including Home Ministry intelligence experts, to investigate the blast.

The chairman of the Atomic Energy Commission, heading a technical team, has gone to Baroda to make an on-the-spot study. The Prime Minister is said to be in the examination is over. "It is difficult to give an idea about the extent of damage, the time that the repairs will take and what it will cost."

The government is already perturbed over a series of train accidents involving derailments which have clearly been caused by sabotage. Government agencies have been unable to trace those responsible.

Mr. Desai said he shared the MP's concern but made it plain that the Government would not act on mere suspicion. At the same time he did not want to rule out any possibility.

Anybody found to be involved in causing the explosion would be dealt with severely and properly.

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# LIGA POR LA PAZ Y LA DIGNIDAD HUMANA

THE RIGHTS OF MAN MUST BELONG TO ALL

They were not on their guard, those peaceful workers and gay, confident children.

They were Argentinians, parents of ours, dear people who knew nothing of war, and yet, they too lost their lives, that inalienable Right of Man which terrorism had not respected. They were the innocent victims of the deadly machine gun or the underhanded bomb. Real victims, made up of body and blood and who today have departed or who will forever remain marked by the acts of terrorism.

Pain and despair do not push us towards revenge. Contrary to the killers themselves, we do not call on the international organizations. We are entirely confident in the justice of our country, so unjustly attacked by rumours and false witnesses.

THESE ARE ONLY A FEW NAMES AMONG THE HUNDREDS OF CIVILIAN AND INNOCENT VICTIMS OF TERRORISM

- 4-9-73 Emilio Horacio Larrea, General Manager
- 11-11-73 Jose Ignacio Ruiz, General Secretary of the Workers National Union (Bs. As.)
- 11-73 John Swint, Manager of TRANSAX (Córdoba)
- 28-4-74 Jorge Vicente Quiroga, Former Judge of CAFENEPA (Bs. As.)
- 15-7-74 Dr Arturo Mor Roig, Former Home Minister (Bs. As.)
- 27-8-74 Ricardo Goya, Manager of IKA FENALUT (Córdoba)
- 13-8-74 Carlos Alberto Sautoleu, Comando de Organización (Chaco)
- 17-9-74 Dante Ruben Balcanera, Delegate Department of Employment
- 19-9-74 Alfredo Pablo Miotti, Stock-broader (Bs. As.)
- 19-9-74 Alberto Bosch, Staff Manager Molinos Rio de la Plata (Bs. As.)
- 24-9-74 Ricardo Albori, Brother-in-law of an Army Officer (Bs. As.)
- 3-1-74 Juan Mario Russo, Civil servant Social Welfare (Bs. As.)
- 2-10-74 Jordan Bruno Genta, University Professor (Bs. As.)
- 2-11-74 Mario Fernandez, Teacher (Bahia Blanca)
- 26-12-74 Youngest daughter of Captain Humberto Viola
- 3-12-74 Ruben Dominico, Adviser (Bs. As.)
- 4-12-74 Ramón Zamanigo, Staff Manager LA CANTABRICA (Bs. As.)
- 14-12-74 Antonio De Santos Larangueira, General Manager of the Fishing Industry (Bs. As.)
- 22-12-74 Carlos A. Sacheri, Teacher (Bs. As.)
- 22-12-74 Hector Mosquera, Industrialist (Bs. As.)
- 30-12-74 Roberto Abeigón, General Manager Fab. MILLUZ (Bs. As.)
- 30-12-74 Manuel Martinez, Staff Manager Fab. MILLUZ (Bs. As.)
- 5-1-75 Jorge Zarfagna, Staff Manager Fab. BENDIX (Bs. As.)
- 27-1-75 Armando Canziani, General Manager of Delegations Department of Employment (Bs. As.)
- 4-12-75 Juan A. Chavez, General Secretary of the Sugar Industry Union Concepción (Tucumán)
- 8-2-75 Adolfo Romero, Town councillor (Chaco)
- 17-2-75 Hipolito Acuña, Member of Parliament (Bs. As.)
- 18-2-75 Felix Villalaz, Corporate Delegate Fab. FITAM (Bs. As.)
- 21-2-75 Teodoro Ponce, Deputy Secretary UOM (Santa Fe)
- 23-2-75 Sigfredo Araco, Owner of an Hotel
- 26-2-75 John Patrick Egan, U.S. Consul (Córdoba)
- 3-3-75 Jorge Raúl Capitanelli, Doctor (Santa Fe)
- 20-3-75 Carlos Planioni, Lawyer (Mar del Plata)
- 20-3-75 Renaldo Rodriguez, Leader UOM (Mantanza-Bs. As.)
- 1-4-75 Hector Sarralde, Shipbuilding Union (Bs. As.)
- 4-6-75 Raúl Amelung, Manager ACINDAR (Villa Constitución)

Until now, overwhelmed by sorrow, we have not reacted; we took refuge in Silence. But in front of the dangers brought by those who preach in favour of terrorism, we think that the time has come to tell the world of our suffering and the real truth so that similar incidents will not recur.

We are the fervent protectors of the Rights of Man which belong to all but which are also irrefutably part of the Duties that each individual holds towards Mankind. Terrorists neither perform the Duties of Man nor respect his Rights.

The development of terrorism at world scale should encourage the leaders of every country to mediate. Therefore a strong alliance of all those who want PEACE is necessary. May the suffering of the Argentinian people serve to draw the attention of all the people in the world.

10-6-75 Juan Enrique Pelaez, Secretary Bank Assoc. (Santa Fe)

16-6-75 Reinaldo Delmasco, Manager FACETY (Bs. As.)

18-6-75 Fidel Quiroz, Ceramics Union (Bs. As.)

28-6-75 Gastón Ponce, Member of GNU (La Plata)

28-10-75 Alberto Salas, Staff Coordination Responsable FIAT (Córdoba)

28-11-75 Pedro Sabado, Member of JSP (Rosario)

17-12-75 Alberto Manuel Campos, Councillor San Martin; the driver

17-1-76 Carlos Ferrin, Head of the Intendencia (Bs. As.)

30-1-76 Oscar Paolino, Executive of FADETE (Bs. As.)

30-1-76 Eduardo Lizman, and two of his sons who happened to be near the Police Station of Virreyes when terrorists attacked.

9-2-76 Maria Caride de Lanusse, Daughter-in-law of General Lanusse, killed by an explosion.

21-2-76 Vicente Lopez, Worker of ACINDAR Corporative Delegate (Bs. As.)

28-2-76 Hector Bartolome Minetti, Chairman of the Board of Directors Sudamericana de Cemento Portland (Córdoba)

6-3-76 Angel Leguizamón, Officer of the Merchant Navy (Bs. As.)

13-3-76 Angel Alvarez, Waiter in a Bar (Córdoba)

2-4-76 Eduardo Leone, Head of the U8 Penitentiary (La Plata)

21-4-76 Raúl Veloz, Manager of Sanoor Plant (Córdoba)

14-4-76 Jorge Ricardo Kelly, General Manager Chrysler (Bs. As.)

30-4-76 Antonio Di Lori, Manager of Almacenes Ferrocarril Mitre (Bs. As.)

2-5-76 Pedro José Rotta, Manager FIAT Section (Bs. As.)

30-5-76 Meno Hector Guevara, Official responsible for order

PERKINS (Córdoba)

14-5-76 Jorge Kenny, Executive of Chrysler (Bs. As.)

19-5-76 Carlos Gasparini, Civil Servant Department of Water and Energy (Rosario)

15-12-76 2 Workers, Railway Station Quilmes (Bs. As.)

10-10-77 Adán Klobertanz, Worker Ingeniero White

13-10-77 Ramona Enrique, Chrysler executive's servant (Lomas de Zamora)

13-10-77 Marcelina R. Escobar de Escalante, Chrysler executive's servant (Lomas de Zamora)

20-10-77 Francis Scherer, Manager Industrial Relations YP (Bs. As.)

24-10-77 Richardo Salar, Control Chief of Quality LOZADUR (Boulogne-Bs. As.)

THE RIGHTS OF MAN FOR ALL, BUT THE DUTIES OF MAN SHOULD ALSO BE PERFORMED BY ALL

MARIO BENITO DE LOS SANTOS  
President

FEDERICO VOLPI  
Secretary

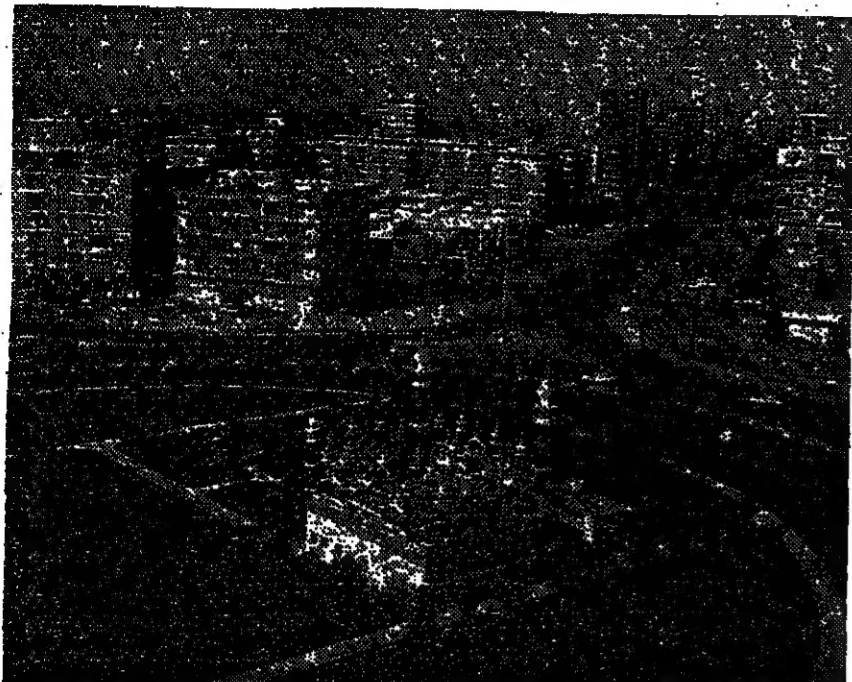
Poste address: CASILLA DE CORREO 19—Bella Vista—Prov. De Buenos Aires.

هكذا ان الاصل



# PARTNERS FOR PROGRESS

That, in just three words, is the remarkable story of the success of the United Arab Emirates in just six short years. In that time—less time than it has taken some industrial nations to build a single factory in some cases—seven small and almost totally undeveloped states, each with its own fiercely independent local customs and attitudes, have welded together into a thriving and formidable federal nation-state whose voice is among the most influential and often heard of the Arab Nations. Seven states into one. In just six years. Partners for Progress. It is more than a slogan. It is a triumph, an achievement virtually unparalleled throughout history.



The small mosque in Abu Dhabi, a vestige of the old capital city, now a landmark in one of the main squares in the capital and a striking contrast with the surrounding buildings.

## THE CONSTITUTION

The UAE is today a country of some 32,380 square miles stretching from the Gulf of Oman on the Indian Ocean in the east, the Straits of Hormuz in the north and the borders with Qatar and Saudi Arabia in the south and west. The total population is estimated at about 660,000 of which Abu Dhabi emirate has some 236,000, Dubai 210,000, Sharjah 89,000, Ras al-Khaimah 58,000, Fujairah 27,000, Ajman 22,000, and Umm al-Qaiwain 17,000.

The federal capital and main seat of power is Abu Dhabi. The leading governing body of the UAE is the Supreme Council of Rulers, consisting of the rulers of the seven emirates headed by the Federal President Sheikh Zayed bin Nasser Al-Nahyan of Abu Dhabi and Sheikh Rashid bin Maktum of Dubai, the Vice-President. The Supreme Council has responsibility under the 150-clause constitution for general policy on all major matters of state, including foreign affairs, defence, internal security, education, health, immigration, housing and development. Decisions require the approval of at least five members, including the Rulers of both Abu Dhabi and Dubai. President

and Vice-President are elected for five years and may be re-elected, as both Sheikh Zayed and Sheikh Rashid were at the end of last year.

Under the Supreme Council comes the Union Council of Ministers, or cabinet, headed by a Prime Minister. The Council of Ministers has executive authority to initiate union laws and implement them and is collectively responsible to the Supreme Council. The President appoints individual members of the Council on the advice of the Prime Minister.

The people's forum is provided by the Federal National Council, or Parliament, consisting of 40 members elected for a two-year term from each of the emirates. Abu Dhabi and Dubai are represented by eight members each, Sharjah and Ras al-Khaimah by six, and four each from Fujairah, Ajman and Umm al-Qaiwain. The Assembly, elected to the International Parliamentary Union this October, is entitled to discuss and if necessary propose amendments to federal laws presented by the cabinet, as well as debate any other matters of public interest it cares to.

20,000 units annually; two large scale projects, not directly linked to oil, demonstrate the breadth of vision behind the industrialisation programme of the Federation. One is the Dubai Dry Dock, scheduled for completion in 1979. This dock will be the largest of its kind in the world.

The facility will consist of three docks, one of which will be able to handle two 500,000 ton ships at the same time, or indeed, a single one million tonner, when the time comes that such ships are built. Additionally there will be eight berths for repair and maintenance, plus one for tanker cleaning—meeting the need for such facilities in such busy lanes, and which are the nightmare of all countries with access to the Gulf. At the start of the operation 4,000 workers will find employment at these docks, while when these docks will operate at full capacity it is estimated that 12,000 employees will be needed.

The other large scale project is an aluminium smelter, for which the contract was signed in April, 1976, and which will need four years to complete at an estimated cost of \$500 million. It is expected to be the biggest of its kind in the world and will initially have an output of 135,000 tonnes a year and will give employment to 12,000 men. A dry gas processing plant is included in the overall project.

It will be seen that the ambitious industrialisation of the UAE is very soundly based and imaginatively directed.

## OIL PRICES

One of the most important factors in the stable growth of the world economy is the price of crude oil. The UAE was as pleased as the other 12 members of OPEC when it became clear to them all that concerted action would lead to a more economic price for what was for most of them the sole export product. Nevertheless, along with Saudi Arabia, the Federation strongly believes that a balance must be struck between the need for increased revenues by the oil-producing states on the one hand, and the danger of increased costs to the oil-consuming states on the other.

Both the UAE and Saudi Arabia (which together account for over a third of the total output of members of the organization), have consistently argued for a gradual increase in the rate of crude oil prices rather than one marked by sudden, and possibly punitive, upward leaps. To this end, for the first half of this year, both countries held to a 5 per cent increase on the 1976 price in order to assist the refineries necessarily forced upon the oil-consuming countries. However, out of consideration for the will of the majority in OPEC, the UAE and Saudi Arabia agreed to a price rise of 10 per cent.

UAE President Sheikh Zayed said recently: "It is more important for OPEC to adopt a United Stand than raise or lower oil prices. What makes OPEC strong is agreement on policy matters. To preserve their unity, the member countries must cast off their narrow national interests and work for the interests of the Organisation as a whole. In the OPEC context, national interests are transitory, whereas OPEC unity is permanent." However, the Federation is equally firmly of the opinion that the policy of countries outside OPEC, developing or industrialised, should not be ignored.

Oil production in the UAE has been running at around 600 million barrels a year, or over 1.6 million b/d, split roughly, 15 per cent to Dubai and 85 per cent to Abu Dhabi. Sharjah has agreed to come onstream with some 40,000 b/d and Ras al-Khaimah could soon be an oil producer. Production levels increased slightly in the early part of the year reflecting the temporary price differential, but demand worldwide has slackened off from the second half of 1976, so there was no question of the UAE increasing its market share to any significant extent.

The position of the Third World countries and the UAE's overall foreign policy have been the great bearing on the Federation's oil policy. Obviously domestic revenue needs and worldwide demand are factors in making the price, but above and beyond that is the consideration of justice in the Western economies and the UAE has held to both OPEC members and Developing countries. The West must be willing to cooperate in a radical form of its international economy and provide a more equitable balance between the industrialised and the Developing nations.

Unlike most other members of OPEC, the UAE has not gone for outright nationalisation of the oil companies operation within its frontiers. Control over the industry is still exercised, as the Government decides on the price of oil, output averages, the level and destinations of exports, how many wells are drilled, and who will work them. Revenues are secured too. When the price was \$12.86, the Government got all but 22 cents of that after allowing the companies to cover their production costs. In return for their share, the companies participate in financing of exploratory work and the wells production.

The UAE rejects any charge that higher oil prices are unjustified. Surpluses which accrue are not surpluses in the proper sense, claims the Federation, but solely a portion of its earnings which cannot be put to immediate use in development projects. Such funds are therefore reserved for deferred investments rather than surpluses.

## FIRST UAE NATIONAL HEADS CURRENCY BOARD

"A committee of experts is reviewing the UAE dirham's exchange rate in relation to the US dollar." The dirham has

been in the dollar area since its birth in 1974, a senior member of the Currency Board announced here recently. Abdul Malik Al-Hamir, the first UAE national to lead the Currency Board, said the dirham's drawing rights will be evaluated in relation to a collection of selected currencies whose value can affect the UAE's foreign trade.

In his first statement since his appointment early this month the Currency Board boss, Abdul Malik Al-Hamir told WAM that a broad financial policy is under study and will hopefully be finalised soon.

That policy should contribute to the economic boom in the country without contributing to inflation or economic stagnation. Al-Hamir denied the existence of economic chaos in the country. He added that there were mistakes which are being corrected so that the Currency Board, which acts as the central bank, will be able to devise the necessary financial system.

The Currency Board executive described the UAE economy as "very sound", with huge hard currency and gold reserves, effective cooperation between the Board and the Planning Ministry and efficient administrative organisation in the State. Al-Hamir said the UAE Central Bank will soon be opened after the legislative arrangements have been finalised.

## FOREIGN POLICY

The UAE remains intensely true to its original policy on non-alignment in international politics, while actively and enthusiastically pursuing the Arab interest in World Peace.

The prestige policy of the Government was put in its official form in a speech on October 4th, 1977, by HE Ahmad Khalifa Al-Suwaidi, the UAE Minister of Foreign Affairs, to the General Assembly of the UN. In this speech he outlined the UAE's philosophy on international politics, namely, non-alignment, inter-dependence of developed industrial countries and the developing countries and the UAE's support for a new international economic order, based on justice and more equitable economic relations. Here we give short extracts of His Excellency's speech which cover part of the UAE's foreign policy.

### Africa and Palestine

"The UAE has followed with deep concern development in South Africa, Rhodesia and Namibia... We condemn the policy of Apartheid since this policy represents a flagrant denial of the most fundamental human rights and constitutes a clear violation of the Charter of the UN."

"No settlement can be achieved for the peoples of Namibia, Zimbabwe and Palestine except by their right of self-determination, independence and national sovereignty."

The New International Economic Order "We believe that security in its political as well as its economic aspects is one indivisible whole. There can be no real World Security as long as urgent economic issues remain unresolved. Aiming at the bridging of the gap between the industrial and the developing countries, we fully support the establishment of a New International Economic Order based on justice and a more equitable economic relation thus ensuring progress in the developing countries and the improvement in the standard of living. Unfortunately, trade continues to deteriorate to the detriment of the developing countries leading to a rise in their indebtedness, obliging them to allocate a greater proportion of their export earnings to service those debts at the expense of their basic needs from the industrialised countries. At the same time, the prices of primary commodities exported from developing to industrial countries, continues to deteriorate with the resulting aggravation of their Balance of Payment."

"We will continue to support and contribute any international cooperative effort since we have deep faith in the principles of the UN and its fundamental aim of promoting human welfare, and the establishment of an international economic order based on justice and equality."

## THE UAE INAUGURATES THEIR FIRST UNIVERSITY IN THE CITY

The first 500 students whose registration was announced last month by Education Minister Abdulla Oman Taryam arrived on schedule at Al Ain this month to start the first academic year of the UAE's new university.

Three hundred of the students attending the four faculties are male and 200 are female. Director of Students Affairs Dr Abdul Rahman Hamdan has said that girls have shown special interest in the faculties of education and arts.

The university is studying the possibility of admitting foreign students and a decision is expected to be taken on this before the start of the new year. While the Vice-Chancellor of the university, Dr Abdul Aziz Al-Bassam, has been meeting with the Minister for discussions on a number of organisational issues, the university's laboratories, libraries and other facilities are now fully furnished and equipped.

A television circuit transmitting lectures both inside and outside the university lecture halls has been installed and students and teaching staff alike will benefit from the research facilities offered by the university library and its Chief Librarian Abdulla Abbas.

A number of technicians from UNESCO have been on the university campus installing scientific equipment and teaching materials.

Although the four faculties of Arts, Political Science and Administration, Education and Science are opening for their first academic year in October, the inaugural festivities will not be held until next month.

The opening will be attended by His Highness President Sheikh Zayed, members of the Supreme Council of Rulers, Arab Education Ministers—who will then be holding a conference there—and many educationalists from all over the world.

The Education Minister has announced the appointment of two deans at the university. Dr Ibrahim Ammar, formerly of Cairo University, was appointed Dean of the Faculty of Sciences. Dr Ali Al-Yah was appointed Dean of the Faculty of Arts.

Cairo University's former Dean of Education was appointed Deputy to the Vice-Chancellor and Mohamed Hamad Khalifa has been selected Director of education methods and science laboratories.

Deans of the faculties of education, commerce and political science and heads of various departments are expected to be announced soon.

The Jordanian Government has agreed to second five teachers from the Jordanian University to work in UAE University. The UAE have also contracted 137 employees of both sexes, mostly from the Philippines, for running their boarding schools, playgrounds, agriculture and sores.

## UAE GRADUATES ABROAD

Women make up a large percentage—almost 44 per cent—of the total number of UAE graduates who took their degrees from various foreign universities last year. The Ministry of Education has forwarded the files of 51 of the 58 of those graduates to the personnel Department for suitable placement in the various ministries and departments.

The Ministry has met the expenses of the students while studying abroad. Of the 19 who graduated from Egyptian universities the majority were in commerce subjects while a large percentage of those from Kuwait had taken arts subjects. There were also five who graduated from Baghdad and five from the United States. One female student graduated in Sharia science from Qatar.

All the college graduates who passed in 1977 were asked by the State Ministry for Cabinet Affairs to report to the Civil Service Department both in Abu Dhabi and Dubai to fill out job applications. The request came after the cabinet's decision to place graduates in various government departments.



His Highness Sheikh Zayed bin Sultan Al-Nahyan, President of the United Arab Emirates.

## OVERSEAS AID

As it has the highest per capita income of any country in the world, the UAE accepts as a fundamental responsibility of the provision of assistance to countries less fortunate. It also remembers its own reliance on aid in the years before its oil revenues gave it financial self-sufficiency. Aid is also a key platform of foreign policy, and the developing countries are seen, in the words of the late Foreign Affairs Secretary of State Saif bin Ghobash, as countries with which the UAE has "shared their suffering and whose problems are almost our own."

The Federation is leading the world's aid to developing countries; it has over a third of its gross national product tied up in projects, not just in the non-oil producing Arab States, but also in States in Africa and Asia as well as Islamic countries elsewhere. The key to this programme is coupling the technology of the West with the financial resources of the Middle East. Everybody benefits, because the oil producers find worthwhile outlets for their petrodollars.



Inauguration of Al Ain University, Oct. 1977.

the industrialised countries find new avenues for their exports, and the developing countries are provided with the resources necessary for the foundation of a healthy infrastructure and economy.

The main channel is the Abu Dhabi Fund for Arab Economic Development (ADFED). It was established three years before the OPEC price increases with an authorised capital of \$120 million, and following the increases, this was more than quadrupled to \$500 million as African States were brought into the aid network. The Fund can both lend money on normal banking lines or participate in projects on normal equity basis or investment banking lines. This flexibility allows development of projects for needy countries which might not have been possible under strictly commercial and normally accepted criteria.

Even with straight loans, the Fund gives the countries concerned a considerable advantage. With commercial bank interest rates running between 12 and 15% a year ago in the major financial centres, the Fund makes loans rather more accessible by softer terms. In addition to building in a period of grace in the ratio of four years for a 15 year loan. No less than 16 countries in Africa and Asia last year benefited from such a lending policy. Loans outstanding on this basis can safely be put at over 4 billion UAE Dirhams (£570m) and to date that figure has appreciated considerably.

It must not be imagined that the ADFED hands out money blindly in answer to each and every request. Even the UAE's high income is not enough on its own to solve, to any great extent, the serious problems facing many Third World countries. Therefore each project proposed has to be considered on its own merits, with priority given to those which offer tangible benefits to the local community and the particular country as a whole. This applies equally in either of the roles that the Fund is to take, as an investor or as a banker with a soft loan or indeed as a partner. ADFED, however, insists that applications for aid should include thoroughly prepared projects and feasibility studies, because, says ADFED Director Dr Hassan Abbas Zaki, if the country has not got the details worked out for the scheme for which the cash is required, it will have a hard time convincing us of its viability.

Looking at particular countries on their own, Egypt for one has had a wide range of industrial projects which have benefited of UAE's financial backing and which are assisting in the recovery of its war devastated economy. Less than two years ago the "Gulf Authority for Egypt" was set up with \$2 billion as a capital base, financed jointly by the UAE, Saudi Arabia, Kuwait and Qatar. On its own the UAE has been involved in direct aid to Egypt in a Dhs 40 million Urea plant at Talkha and a Dhs 130 million power station at Abu Quir. Among other Middle East confrontation states, Syria has had a Dhs \$2 million for a despatching centre, financed as part of a power station complex, and Jordan received Dhs 21.5 million for the construction of a dam and Dhs 5 million for the building of a highway, all directly financed courtesy of the ADFED.

Outside the Middle East area proper, eight African states, including very small and very impoverished ones, were under active consideration last year, with Fund officials visiting them to look at project viability on the spot. Tanzania, Uganda, Burundi and Rwanda were among those coming under scrutiny. Still further afield, ADFED held meetings with representatives from Sri Lanka, India, Malaysia, Indonesia and the Comoros Islands in initial contact preceding the study of aid programmes.

Aid to the Third World is also provided indirectly through international organisations and agencies. The UAE is a significant contributor to the World Bank; in 1975 alone over \$50 million were made available. It is also a contributor to the Islamic Development Bank, providing some 15% of its \$1.1 billion capital. It must be pointed out that, like the ADFED, the Islamic Development Bank does not confine its financing activities exclusively to the Arab countries.

"We will continue in future to provide aid to our brethren with all the limited means available to us as a developing country", said the late Saif bin Ghobash. The Third World has had to undergo economic hardships imposed upon it by the industrialised West, in the view of the UAE, and now that it has it within its power to redress the balance to a certain extent, that is what the Federation is going to do." The Minister continued by saying "it will help alleviate the burden that these countries have to bear as a result of the monetary inflation which the industrialised world has exported to them."



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## OVERSEAS

## Angry premier denies Owen claim that Britain could not reprieve Bermuda murderers

From Michael Leppman  
Hamilton, Dec 6

Mr David Gibbons, the Premier of Bermuda, reacted angrily today to the Commons statement by Dr Owen in the Foreign Secretary implied strongly that the final decision to hang the two convicted murderers, whose deaths started riots, was taken by the Bermuda Government.

"This Government had no power whatever to stay the executions," Mr Gibbons said. "I am advised that this is the position in law."

Dr Owen told the House yesterday that Sir Peter Ramsbotham, the Governor, had asked Mr Gibbons and his ministers whether a stay of execution should be granted because of the possible reactions to it. The ministers advised "that racial harmony, respect for law and order and the security situation would suffer more if a stay of execution was granted."

Mr Gibbons does not deny that this was the evidence he and his colleagues gave. What he does dispute, however, is that Dr Owen was obliged to accept it. "He could have granted a reprieve on behalf of the Queen at any time," he said.

"and we would be obliged to take cognizance of that."

So angry was the Premier at the reports of Dr Owen's statement that he persuaded the news media here to publish only a selective version in this morning's newspapers and news bulletins. The Royal Gazette, the only morning paper, omitted the controversial sections after Mr David White, the editor, had discussed the matter with Mr Gibbons.

"He read the passages to me and we agreed that they seemed inaccurate and it would be best not to print them," Mr Gibbons said.

This morning one of the radio stations quoted a report from The Daily Telegraph that the final decision on the hangings had been taken in Bermuda. Half an hour later the station announced that in response to a Government request it would not broadcast the item again until the Government had the chance to respond.

Mr Gibbons said that this decision was also taken after he had talked to the radio station about it. The Government was to release the complete text of the Owen statement to the press here later today.

Mrs Lois Browne-Evans,

leader of the opposition Progressive Labour Party, read the report of the statement at question time in the House from this morning's Parliamentary Report in The Times. She accused the press of "blatantly and maliciously following the wishes of our Government" in deciding to suppress key passages.

She added that as a result of Dr Owen's statement about the hanging decision, the Bermuda Government should resign and Sir Peter Ramsbotham should return to Washington.

Mr Gibbons and his colleagues are also angry at Dr Owen's remark in response to questions that he would try to persuade them to drop capital punishment. They feel that, under their self-governing constitution, this is not a matter in which the British Government can properly meddle.

After another quiet night with only a few scattered petrol bomb incidents, the Government pushed back the curfew by three more hours to start at midnight tonight. The authorities hope it can soon be lifted entirely to boost the sagging tourist trade. Hundreds of Americans have cancelled plans for holidays here since the emergency began last Friday.

'Backlog of political and social inequities swept under a manicured facade and allowed to fester'

## Tense island fears more rioting

From Our Special Correspondent  
Hamilton, Dec 6

Now that Bermuda is calmer, its policemen, most of them British, like nothing better than to pass the time of night with visiting reporters, who stroll the empty streets of Hamilton protected by their curfew passes. Naturally, the reporters ask whether the rioting is likely to be renewed.

The almost unanimous answer is yes. "There is still a tension down there," a sergeant from Lancashire said, pointing towards Court Street, which has the centre of much of the trouble. "They are still on the boil, but it may not come tonight or even this week. It may come on Christmas or New Year, or in a few months, but it will come."

The harder question, which neither police nor anyone can answer with conviction, is why. There is no doubt, judging from the shouted insults of the demonstrators and the targets they selected, that they are inspired by racial grievances. Yet on the face of it the black people of Bermuda seem to have less to complain about than black people nearly anywhere.

There is barely any unemployment; indeed, many have more than one job. Prices are high but so are wages, and the 4.5 per cent inflation rate is the envy of many, especially of the nation which has been mired out of trouble by sending troops.

The simplistic answer, given

by some in authority, is that the rioters are inspired by about 150 "core trouble-makers" who lead a few hundred other youths in their wake, raising fires and raising hell for the lack of anything better to do.

It is simplistic not because it is necessarily untrue but because it implies that the troublemakers are motivated by no definable grievance and that it is nothing to be done to still their protests.

This line of thought concludes that the only way of dealing with the mob is to resort to discipline, to show them it does not pay to step out of line. This was the policy which made the authorities determined not to give in to demands to reprieve the two murderers.

Those who hold this view sometimes blame the uselessness on the fact that many of the young men's parents have two jobs and thus are hardly ever home to instil into a proper respect. It is true that in a community of 60,000 the police are outnumbered by the young people that there is not enough to do to keep them occupied is likely to be justified, and stuck in the middle of the Atlantic miles from any tropical holiday resort, it is the blacks who have the menial hotel jobs.

The make-up of the police does not help race relations. Most are British, serving under contract for a few years, but when trouble does break out it is a white, foreign policeman who fires tear gas at the black mob.

There is a sense of an oligarchy here, of a few wealthy white merchants and bankers running the place by controlling the economy and, through the UBP, its government. Although segregation no longer exists, whites and blacks do not often use the same bars and discos. As in any tropical holiday resort, it is the blacks who have the menial hotel jobs.

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political inequities under a manicured facade to fester. Although routes in Bermuda are struck by the apparent amiability of race relations, resentments are not far below the surface. Formalized segregation existed until the early 1960s. Only in 1962 was universal suffrage introduced; before that the vote was restricted to landowners, most of them white.

At the last election the Progressive Labour Party won 46 per cent of the popular vote. As two-thirds of the population is black, the ruling United Bermuda Party, which has black and white ministers, still attracts a significant black vote.

More than half the whites, who were overwhelmingly for the UBP, were born outside Bermuda. This is what makes the blacks, although many of them were also born elsewhere.

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## Vance visit to Syria to 'facilitate talks'

From Patrick Brogan  
Washington, Dec 6

Mr Cyrus Vance, the Secretary of State, has been invited to visit Damascus next week during his Middle East trip. He will press the case for President Sadat's diplomatic initiative, and will, in effect, mediate between Egypt and Syria.

In the past, the Americans have concentrated upon mediating between the Arabs and Israel.

United States sources said that Mr Vance had virtually no chance of winning short-term support from Syria for President Sadat's latest move, breaking diplomatic relations with the hardline Arab states, including Syria, has once again caught the United States by surprise. For the third time the Egyptian President has acted without consulting the United States first and Mr Vance admitted at a press conference this morning that the American role had changed.

"In the past," he said, "when there was no movement, our proper role was to take the initiative in stimulating new ways of acting and thinking. Today, the leaders in the area are proper role is to support their progress and help broaden it to all fronts."

Mr Vance said that America's role was to facilitate direct talks. He added that Middle Eastern leaders may wish the United States to play a more direct part at a later stage.

The Americans consider it a good sign that President Assad of Syria has agreed to see Mr Vance. There is a feeling that the Syrians are less intransigent than their public statements suggest and, notably, they are more receptive than the other "rejectionist" Arabs.

If Mr Vance can persuade Jordan to enter into the procedure begun by President Sadat, not necessarily by sending a delegation to the Cairo conference, but indirectly at first and then more directly, then Syria would be seriously isolated.

This is presumably what President Assad is worried about, and there is some concern here that Mr Sadat is pushing him too hard too fast. Given time, it is suggested, he might find a way to return to the fold, bringing the Palestinians behind him.

After some hesitation, the United States has decided it must give President Sadat every support. Last week President Carter spoke out for the Egyptian leader's initiative and the United States is to travel round the Arab world, putting the Egyptian President's case for him.

Moscow, Dec 6.—Mr Philip Hobb, American Under-Secretary of State left Moscow today after two days of talks with Soviet officials on the Middle East. Reliable sources said he met Mr Gromyko, the Soviet Foreign Minister.

American spokesmen refused to give details of the talks, but Hobb was believed to have spent most of his time with Mr Mikhail Sytenko, head of the Foreign Ministry's Middle East section.—Reuter.

## Thatcher praise for Titoist system

From Dossa Trevisan  
Belgrade, Dec 6

Mrs Thatcher, the leader of the Opposition, concluded her visit to Yugoslavia today with a two-hour meeting with President Tito, which convinced her, she told a press conference, that the Yugoslav form of communism was more acceptable than any other she had seen.

She was also reassured about Yugoslavia's intention of maintaining its independence and special position in foreign affairs which, she said, was also in the interest of the West.

Although at first she refused to mention specific subjects she had discussed with the President, at the end of the week, conference she said that they had touched upon East-West relations, defence, the Belgrade follow-up conference to the Helsinki accords with particular emphasis on human rights, the situation in Africa and Yugoslavia's relations with the European Community.

Mrs Thatcher found President Tito very fit and very alert and she said she hoped to attend his hundredth birthday on November 24.

She also spoke of her impressions after inspecting a factory near Belgrade and talking to Yugoslav politicians about Yugoslavia's unique system of self-management and economy based on social ownership and competition.

The Yugoslav experiment, she said, was a great deal more than anything she had seen in five communist countries, and the idea that enterprises must compete was in, her opinion, better than nationalization and state ownership which created monopolies like those in Britain.

It was a remarkable system which, although Mrs Thatcher was at pains to emphasize that she preferred private enterprise, was worthy of interest and offered greater possibilities than the standard communist dogma.

Like almost all Western politicians who have visited this country in recent years, Mrs Thatcher stated that Yugoslavia's independence was important not only to the Yugoslavs but to the West as well.

Asked if she had visited five other communist countries, she preferred one or other of them, she replied promptly that she would go to Yugoslavia as there was far greater freedom than in any other communist state.

Mrs Thatcher listened yesterday to the speeches by various delegations at the Belgrade follow-up conference reviewing the Helsinki agreement. She has been a firm champion of human rights and the visit to the conference centre provided her with an opportunity to see whether the West was living up to its ideals or giving in to the East.

Yesterday, she refused to speak to the press about her impressions on how the conference was going. At her press conference today she said that, after listening to yesterday's speeches, she was happier about the conference and more optimistic of the effects it will have in the long term.

Human rights, she said, must be kept perpetually alive as an issue and although sometimes too much is expected from such conferences she felt that world public opinion will have some beneficial effect on the Soviet block states.

Asked whether the British delegation was being sufficiently specific about the fulfilment of human rights undertakings, she said that some Western delegations were more specific than others but that they were all acting together in putting forward certain positive proposals.

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## S African police station bombed

From Our Own Correspondent  
Johannesburg, Dec 6

For the third time in two weeks, a bomb exploded in the Johannesburg area. A passing motorist cut by glass was the only casualty in the latest bomb attack. It went off early today at a police station at Germiston, south of the city.

The explosion damaged a store building, broke windows in police married quarters and badly damaged two police vehicles.

The bomb is believed to have been concealed in a shoe polish tin which was in a shopping bag propped against the wall of the police station then it was seen by a woman who works at the police barracks 15 minutes before it went off.

Residents said the blast was heard three miles away.

On November 24, a bomb exploded in the crowded Carlton Centre, in the heart of Johannesburg, injuring 19 people. Six days later a blast wrecked a guards' van standing at a Verwoerd railway station.

## Feelings of hostility face leader of latest 'independent' homeland

From Nicholas Ashford  
Mbabhe, Dec 6

Chief Lucas Mangope, who was today elected the first President of the newly 'independent' state of Bophuthatswana, is a man who arouses strong and differing emotions among his 2,400,000 people.

For some, particularly the tribal chiefs and people living in an urban area, he is a totalitarian who believes that independence is the best way of safeguarding Tswana interests against white domination and the larger black tribes in South Africa, such as the Zulus.

He is a man who is said to be sincere in his desire to forge an independent and prosperous nation free from racial discrimination.

To others, particularly those who reside permanently outside Bophuthatswana (they will lose their South African citizenship because of the territory's independence), he is guilty of sacrificing the long-term interests of South Africa's 18 million blacks.

In particular, he is criticized for going ahead with independence without first achieving satisfactory agreements with South Africa, the theory of citizenship and land consolidation.

Chief Mangope has said he intends to continue to seek more land from South Africa and many of his subjects will reserve final judgment on how well they see whether he succeeds.

Surprisingly, Chief Mangope says that he sympathizes with those who have called him a "sell-out".

"I don't blame anybody for being totally opposed to considering even remotely the idea of independence," he said recently. But he argues that only by opting for independence can he successfully develop his country and "liberate" his people from Africa's oppressive racial policies.

Chief Mangope, who is 53, became Chief Minister of Bophuthatswana in 1962. A former classmate of Oliver Tambo, the external leader of the banned African National Congress (ANC), he was a teacher before going into tribal politics.

Devout, authoritarian and rather humourless, he has been criticized and has a strong dislike for the South African press, which has generally been hostile.

## Mrs Bhutto regains newspaper in Karachi

From Our Correspondent  
Islamabad, Dec 6

In a volte face, the Pakistan martial law regime today decided to concede to Begum Nusrat Bhutto, wife of the deposed Prime Minister, the right to publish the Urdu daily newspaper *Musawat* in Karachi. Closure of the newspaper had led to angry protests by journalists, leading to hunger strikes and arrests at Karachi in the last two days.

The Pakistan Federal Union of Journalists and the All-Pakistan newspaper Employees Confederation had earlier protested against the Government plan to publish the newspaper under new management and a new editor. They want all employees of *Musawat* restored to their jobs.

Officials of the two unions began a hunger strike on Saturday to press their demands. Twenty-five hunger strikers, including the presidents of the two unions, were arrested during the past 72 hours.

Reports from Karachi this evening said the journalists hunger-strike was continuing until all arrested journalists and press workers had been released.

Khan Abdul Wali Khan, president of the outlawed National Awami Party and former leader of the opposition in the last National Assembly was released on bail today for the first time since his arrest in February, 1975 on the order of Mr Bhutto, then the Prime Minister.

Fourteen others, accused of conspiring with him, were also released on bail, but 25 others in the case are still detained.

Mr Wali Khan's release, together with that of other senior leaders of the National Awami Party, though technically a temporary reprieve, should have a big impact on Pakistan's political scene. Despite the limitations imposed on political activity by the martial law regime, they will be able to reestablish their political contacts immediately.

UPI concern: The International Press Institute has cabled General Zia, the Pakistan martial law administrator, expressing its concern at the reported arrest of journalists on hunger strike. The cable added: "May we say that the statement by the journalists' union at their action was that they intended to give support to ex-Prime Minister Bhutto or his family is our understanding also."

## In brief

## Heyerdahl craft in trouble

Beirut, Dec 6.—Mr Thor Heyerdahl, the Norwegian hydrologist and explorer, said in a radio message today that Tigris, his reed replica of an ancient Sumerian vessel, had been rescued by an Arab dhow after headwinds and rough seas drove it into the shallows of an island off Kuwait.

He set out from Qurna, Iraq, on November 23 with a small crew of 10 in an attempt to prove that this type of craft could have been used for open sea voyages. He said today that the vessel was seaworthy.

## Concorde converts

Albany, New York, Dec 6.—Governor Hugh Carey of New York State, who for months fought against Concorde landings at Kennedy Airport, announced today that he is sending a 16-member trade mission to London on the supersonic aircraft so that it can get to its work "as fast as possible".

## Asean precedent

Kuala Lumpur, Dec 6.—Tan Sri Ahmad Baddeley, the Malaysian Foreign Minister, left for an official visit to Cambodia, becoming the first minister from an Association of South-East Asian Nations (Asean) state to visit all three Indo-Chinese countries.

## Yachtsman's escape

Tel Aviv, Dec 6.—Mr Eric Anderson, aged 42, a Scottish yachtsman, and his son John, aged 12, swam ashore through stormy seas after their sailing ketch capsized near here at the end of a voyage from Athens.

## Mill hostages killed

Delhi, Dec 6.—Striking textile workers killed five people including a production manager and a chief accountant whom they were holding hostage inside a mill at Kanpur in Uttar Pradesh state, according to reports here.

## Egypt expels 270 diplomats of hard-line Arab states

Cairo, Dec 6.—Egypt today expelled 270 diplomats from five hard-line Arab states until midnight to leave the country. Riot police cordoned off the embassies of Syria, Iraq, Libya, Algeria and South Yemen.

The Syrian Embassy staff was to leave first, followed shortly afterwards by 60 Algerian officials. A total of 270 diplomats from the five countries left with their possessions.

Egypt also directed its own diplomatic staff in the five countries to return home.

Diplomatic sources said that Egypt was considering restricting extra-diplomatic relations with the Soviet Union, such as educational and cultural ties.

The Egyptian move appeared to throw water on the forthcoming visit to the Middle East by Mr Cyrus Vance, the United States Secretary of State, to seek Arab support for the peace initiative of President Sadat of Egypt and his call for preliminary peace talks in Cairo.

Mr Butros Ghali, the Egyptian Foreign Minister, told reporters that despite the diplomatic break, the "door is open" for Syria and the Arab League to abandon their planned boycott of the Cairo conference.

But he added that he had given up waiting for such a move and that the starting date for the summit had now been formally set for tomorrow week, in expectation that only Egypt, Israel and officials from the United States and the United Nations would attend.

Egypt's move was officially explained as a reply to a "freeze" in diplomatic ties with Cairo decided at the summit of the hard-line Arab states in Libya.

Western diplomatic sources, however, noted that the hard-line decision was a moderation of earlier demands by Libya and other radicals for an outright cut with Cairo.

They suggested that the declaration was merely a catalyst for a diplomatic strike already planned by Cairo.

The diplomats said that the move must have been intended to prod Syria into choosing between a negotiated settlement with Israel and the "rejectionist" line.—AP.

## Surge of illegal immigrants into US

From David Cross  
Washington, Dec 6

The American law enforcement authorities are intercepting only 6 per cent of the heroin and 13 per cent of the marijuana estimated to come into the United States from Mexico.

They have been slightly more effective in controlling the increasing flow of illegal immigrants, believed to total about 2,800,000 a year. Of those about a third are caught and sent back.

These are some of the disquieting findings disclosed in a report to Congress just published in Washington by the Comptroller-General under the title "Illegal Entry at the United States-Mexico Border."

According to the report, nearly 90 per cent of the heroin and three-quarters of the marijuana reaching the United States come from plants grown in Mexico. Of the eight million illegal immigrants believed to be living in

legitimate traffic. On a busy day, an inspector has only 30 seconds to determine whether car, its passengers and their baggage should enter the country without a thorough search. Between 1971 and 1976, some 804 million people, 247 million vehicles and 441,000 aircraft were inspected in the south-west border area.

During one 36-hour period last spring, nearly 3,000 illegal immigrants were apprehended at one border post. But the authorities believe that during the same period an equal number probably passed undetected through the same crossing point into the United States.

The report concludes that it is unlikely the United States will ever eliminate drug and illegal alien problems. Nevertheless, it says greater efforts must be made to improve liaison between the various American law enforcement agencies and to enhance intelligence gathering, particularly in Mexico.

## Addis Ababa road to port 'hit by Afar guerrillas'

Nairobi, Dec 6.—Secessionist guerrillas of the Afar minority of eastern Ethiopia have struck at the key supply road between Addis Ababa and the port of Assab, the Somali Mogadishu radio claimed last night.

Ethiopian Army positions at Harawo and Burie, protecting the road, came under attack and lost large quantities of arms and ammunition to guerillas of the Afar Liberation Front (ALF), the radio said. The front also claimed to have destroyed a military communications post and an ammunition dump at Alisat, close to the Djibouti border.

Diplomats in the Ethiopian capital said an ALF sabotage attack on two bridges on the same road last month had obliged the Ethiopians to revert to moving goods only in heavily protected, slow-moving convoys between Assab and Addis Ababa.

## Five Britons who died in hijack crash are named

Kuala Lumpur, Dec 6.—Five Britons were among the 100 people killed when a hijacked Malaysian Airlines System (MAS) Boeing 737 airliner crashed on Sunday night, the British High Commission said here today.

They were Mr Richard Sherrington, aged 37, head of the courses unit at the British Council; Mr Anthony Organ, employed by the Beecham Group; Mr J. P. Pary, a businessman; Mr F. Matthews, an accountant; and Mr H. Godfrey.

The aircraft was on an internal flight from Penang to Kuala Lumpur when it crashed on the Johore coast.

The 93 passengers and seven crew may have to be buried in a mass grave because of difficulties in identifying the bodies, blown to pieces when the aircraft exploded in mid-air.

The Malaysian Government announced today that the re-

## Efforts to save baby fail

New York, Dec 6.—Mrs Rosemarie Maniscalco, the pregnant Brooklyn housewife who laps to a coma on November 24 after a cranial haemorrhage, died today despite efforts by doctors to save her and her unborn child.

Doctors had not expected her to survive, but tried vainly to keep her alive on a respirator in the hope of saving the child. She would have had to live at least another month to deliver the baby.—UPI.

## Key role for new party in Australia poll

From Our Correspondent  
Melbourne, Dec 6

Mr Gough Whitlam, the Opposition leader, said today that the Australian voters were becoming disenchanted with the two-party system. "They think that the two major parties between them, Labour and Liberal, have not realized their hopes and expectations."

They are looking for an alternative at least to the extent of

showing dissatisfaction with the two major parties. These were the people who would vote for the new party, the Australian Democrats, he added.

Both he and Mr Fraser, the Prime Minister, are trying to attract the preferences of the supporters of the Australian Democrats in the election on Saturday. If the polls are right in estimating their numbers, it seems likely that their preferences will decide the result.

Mr Whitlam said today that he thought the Australian Democrats would be crucial in the next election because it was likely that there would be one or two Democrats in the Senate after this one.

It was a direct admission by Mr Whitlam after a similar one by Mr Fraser yesterday that the Democrats are a powerful political force. Previously, both main parties had tended to dismiss them as a flash in the pan.

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 Tonight, 7.30, 9.30, 11.30. *Don Giovanni*.  
 Tomorrow, 7.30, 9.30, 11.30. *Don Giovanni*.  
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## THEATRES

**HER MAJESTY'S**, 01-330 6606.  
 Tonight, 7.30, 9.30, 11.30. *Don Giovanni*.  
 Tomorrow, 7.30, 9.30, 11.30. *Don Giovanni*.  
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## CONCERTS

**FRENCH INSTITUTE**, Queen's Hall, 01-330 6606.  
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## THE ARTS



Sir Alex Guinness as Ben Kenobi

## Star talk about Star Wars

John Higgins

Britain has been waiting a long time to see *Star Wars*. It eventually opens at the Dominion and Leicester Square cinemas on December 27 after a trail of news stories blaring the records that it has broken in America. A Christmas film? Yes, in a way, because fairy stories in which good triumphs over evil go down well at Christmas. *Star Wars* does not deal in shades. The good are terribly good and the bad quite horrid. Of the white men by far the whitest is Ben Kenobi, the last of the Jedi Knights, who has been pushed into exile as the forces of darkness have taken over the galaxy way out yonder. The role was offered to Sir Alec Guinness, who has been in the last day of filming *Murder by Death*. "The script came through the door and the moment I saw a Jedi Knight, I said to myself 'Oh, my God, it's not for me.' But I started to read and I had to turn the page. It's rather like that..." Guinness points at a copy of John Le Carré's *The Honourable Schoolboy* lying on the table of his London drawing room. "It had vigour and I finished it at a sitting." Was that normal? "No, not at all. But it's a good story. I don't apply any professional technique. If it's the word, when I read scripts. But if I'm held then I think there's a chance the public will be held too. Probably the next time I went through a film script so swiftly was when James Kennaway's *Tunes of Glory* came into my hands. And then there was *Kind Hearts and Coronets*..."

Guinness looks almost wistful and quickly makes the expression disappear. "But that was far too long ago to talk about." The script arrived directly from its author, George Lucas, who also directed the picture. "I hadn't met him previously, so I went off and saw his *American Graffiti*, which I found impressive. Soon after that we came together and he struck me as being a very considerable little person who I mean that he is small in stature. In many ways he is quite untypical of the film industry. When we started work on *Star Wars* it was all so calm, so gentlemanly. No fat cigars, no rough language, no rougher someone on the set criticising Lucas because of his lack of display and announcing that the film was going to be dull. So I took him aside and said 'Mark my words, this film is going to have a distinction'." "Like all the best directors Lucas had very little to say during the actual filming. He simply sensed when you were uncomfortable and just walked across and dropped a brief word in your ear. It was almost like being on stage: good actors don't like being told how to act and they become worried if they are made to feel merely part of someone else's work." "Before we even started there was another gesture which was another sign of his sense of the theatre than the film business, which is scarcely noted for its modesty. Lucas brought the costumes across to London himself to see if I liked them and he came to all the fittings. Now

that is exceedingly rare. It was just like being at one's tailor. "Perhaps, just another quarter inch on the cuff?" Guinness pulls down his own left cuff, which, being precisely right, has no need of another quarter inch. "The day before *Star Wars* opened in America George Lucas telephoned me and said in his regular quiet, diffident way 'Do you know I think we got rather a success. The press quite like it.' In his total concentration, in his reliance on both his eye and his ear he reminded me of the young David Lean. I always had the feeling that Lean, deep down, was being totally involved in the action. Of course there was none of the Lean star-quest, the bush when The Director is On Set. But there is the sensation that life can only be a piece of celluloid. Lucas is completely wrapped up in the cinema, he is only happy talking about it. Lucas is a bit like that, no, but he is interested in horticulture, ornithology and listening to Beethoven's Seventh as well. My only worry with Lucas is that the cinema system will force him to make a series of follow-ups to *Star Wars*. He should resist that."

The conversation switches from Hollywood to Shaftesbury Avenue, where Guinness is appearing in Alan Bennett's *The Courtiers*, as usual, Michael Codron's *Star Wars* first play *Wise Child*, which Guinness defended fiercely against all the attacks that were launched against it by the critics. "I hadn't met Codron before

Lucas with ruffled feathers."

## Violence to women

Kiss and Kill  
Round House  
Downstairs

Ned Chaillet

The borough of Camden, now presenting London's first women's festival at the Action Space Drill Hall, is also responsible for bringing *Monstrous Regiment*, Britain's leading feminist theatre group, to the Round House Downstairs. Since their impressive play about the Paris commune, *Scum*, the company have been evolving a style over the past couple of years that is congenial, intelligent and recognizably their own, presenting a woman's viewpoint on historical and contemporary society.

*Kiss and Kill* is modern, mainly about men's violence to women, but optimistic and broadminded despite the inclusion of vicious telephone calls from a wife-beating husband to his estranged wife. The authors, Susan Todd and Ann Mitchell, also nearly include a fight between a man and a woman, but they let another woman step between them. Because the company have historical and psychological perspectives, they go some way to protect men from appearing as unmitigated villains, perhaps too far.

Fairness has diffused the play's action into several hours which only slowly cohere into a complete picture. A trapped housewife is left to smoulder into the fire of a liberated woman while her husband, a militant trade unionist, dallies with



Cooking



Katie Stewart offers some suggestions to help you to cope with the Christmas cooking and brighten up the festive table this year

## Choosing between flesh and fowl

If your choice is a frozen bird this Christmas remember that all poultry must be completely thawed before cooking. Turkeys can take a considerable time to do this, so don't be caught out by not starting soon enough. A large bird of over 12lb will take at least 48 hours to thaw in a cool larder; allow 24-30 for one up to 12lb, even a large chicken or good capon of about 6lb will require up to 24 hours. Remove from the box or carton but leave in the freezer bag to prevent drying out, and as soon as the flesh is pliable remove the giblets from inside, as this aids thawing. Do not switch poultry from one temperature to another, leave it in a steady, cool temperature—the garage is excellent. When completely thawed you can tell by the soft feel of the flesh and there will be no signs of ice crystals in the body cavity or dry with paper towelling. Remove moisture and refrigerate (if possible) until ready to cook, for it is now highly perishable and cannot be kept for long.

It is essential to thaw all poultry for the simple reason that the flesh must be completely cooked and any

still frozen areas might be in danger of not cooking properly. A joint of pork, for the same reason, must be thawed before cooking, but cooks have different opinions with regard to beef or lamb. My own feeling is that all meat should be thawed, then roasting times can be as for fresh meat. On good authority I am told that joints of meat on the bone will successfully cook from frozen—the bone acts as a heat conductor, but boned and rolled cuts should never be cooked from frozen as they will be because of the density of the joint, nor should any cut of meat over 6lb in weight since it is difficult to calculate the cooking time and prevent the outside from being overcooked before the inside is thawed. Steady, slow thawing times give best results for meat so allow a period of 24-48 hours in the refrigerator. An excellent tip when pork is concerned is to score the rind when the joint is still frozen and firm.

Christmas could be the occasion to go for a good sized cut of beef when you can plan on serving it for more than one meal. A joint on the bone has an improved flavour and it roasts better, too. If you have this in mind you must select a joint of 4lb or more in weight, anything smaller is difficult for a butcher to cut and will have too high a proportion of bone

to meat to be satisfactory. A prime cut of sirloin or wing ribs of beef on the bone would be marvellous, but these have a good natural covering of fat and will be more tender as a result. If you set the joint so that the fat is uppermost it will automatically baste the joint as it cooks and will provide you with delicious drippings for the gravy. The traditional method of sealing the outside in a hot oven gives a lovely flavour and is the best method if you like your meat pink in the middle—beware if you want to serve it cold because the flesh stays moist and cooks beautifully. I find a cooking time of 15 minutes per lb for a large joint on the bone is just right.

First impressions count for a good deal and any guests would admire a glazed joint of gammon or bacon. You can cut out the traditional overnight soaking if you bring the joint to the boil from cold, then pour away the water and recover with fresh cold water. Add a bay leaf or sprig of rosemary and do not forget an orange or onion stuck with a clove for flavour. Bring to a simmer, cover and cook gently allowing 30 minutes per lb. To finish off peel the rind away and spread the fat with French mustard and then coat generously with demerara sugar.

Stand the joint in a baking tin and crisp off in a hot oven (400°F or gas 6) for 15 minutes. Add a tablespoon of water to the baking tin so that any glaze that drips off will not caramelize on the hot tin. If you prefer the traditional crumbed finish remember that you will get extra piquancy if a pinch of cinnamon or ground allspice and dry mustard is mixed with the crumbs. Let the joint cool completely and give it a glaze finish with clusters of grapes dipped in egg white and then in sugar. Or pink in the middle—beware if you want to serve it cold because the flesh stays moist and cooks beautifully. I find a cooking time of 15 minutes per lb for a large joint on the bone is just right.

For a turkey a slow steady roasting temperature gives the best results and keeps the flesh tender and succulent. Make sure that your bird is properly trussed, with the wings twisted forward and under and the legs and drumsticks tied down close to the body so they stay in place, otherwise they will rise up during roasting and dry out in the oven. I usually use any butcher's threads and sew my bird tightly with my own long cruising needle and a length of string.

This year try roasting your turkey with a covering of butter, which is a

bird beautifully through muslin and it is a particularly good method for any turkey that you want to serve cold because the flesh remains very moist and at the same time takes on a magnificent golden colour. Rub the breast of the bird with salt for a crisp skin and then spread liberally with soft butter—about 2-3oz. Cover with a piece of double thickness butter muslin, cut the right size to drape over the bird and protect it completely. Set in a slow oven (325°F or gas 3) for the whole of the roasting time and allow 25 minutes per lb up to 12lb, and 20 minutes per lb for a 12-14lb. Baste the bird with the hot butter and drippings in the tin without removing the muslin. The muslin soaks up the butter and holds it over the bird, gradually letting it run back into the tin. When the muslin is dry, baste again—once an hour should be about right. Leave the covering in place until the very end, it will become quite dark in colour but when you lift it away, the turkey will be golden underneath.

When your roast joint of beef or turkey is finally cooked turn off the oven heat (or take it out) and allow to stand for at least 15 minutes so that the flesh has a chance to settle—and it will carve much better.

## Quick recipe

A good bowl of hot broth, particularly if it is nourishing enough to make a light meal, can be very comforting and homely when there is a surfeit of rich foods around. Scotch broth is nice because there are bits in it to eat and with a buttered soft roll or crusty bread it would make an excellent in-between meal at Christmas.

### Scotch broth

Serves 6

1lb neck, breast or flank of mutton or lamb, or a beef bone;

3 pints water;

2 level teaspoons salt;

2oz dried peas, soaked overnight;

1oz pearl barley;

1lb prepared diced vegetables—carrot, turnip, leek and at least 1 onion for flavour;

Freshly milled pepper;

1 tablespoon finely chopped parsley.

You will find one breast of lamb is just about the right amount for this soup. Rinse the meat under cold water, cut into two or three pieces and place in a good sized saucepan. Add the water, salt, and the drained soaked peas. Put the pearl barley in a cup, pour in a little boiling water to scald it (takes away the cloudiness), stir and drain. Add to the pan and bring the soup to the boil.

Once boiling skin the liquid well and lower the heat to a simmer. Add the diced vegetables. At this stage all root vegetables go in and green vegetables are reserved for later—like the green of the leek, or any shredded cabbage—and if you prefer to use frozen peas in place of dried, these would go in later, too. Cover the pan and let the soup simmer for two hours. Lift out the meat and slip out the bones. Discard any skin or fat and return the chopped up meat to the soup. Add the shredded green of the leek and any frozen peas, if used. Cook for a further 10 minutes.

## Stuffing

Don't feel you have to stuff the body cavity of your turkey when you could find that stuffing in the neck and is quite sufficient. It is easier to calculate accurate roasting if the body is not filled to capacity with a stuffing which tends to extend cooking times. Try putting a cut-up apple, orange or lemon inside the bird to flavour and go for something a little unusual to put in the neck end only.

### Scottish oatmeal stuffing

1 medium onion;

6oz medium oatmeal;

3oz shredded beef suet;

Salt and freshly milled pepper.

Oatmeal has a delicious nutty taste which goes very well with turkey—make sure you

serve a bread sauce, too, if you choose this one. Peel and finely chop the onion and add to the oatmeal and suet. Season with salt and pepper.

### Lemon and parsley stuffing

4oz butter;

4oz white breadcrumbs;

Finely grated rind of 1 lemon;

4 tablespoons finely chopped parsley;

Pinch dried thyme or marjoram;

Salt and freshly milled pepper.

This stuffing is really green with lots of parsley and is very light because it's bound with melted butter. Measure the breadcrumbs, lemon rind and

herbs into a basin. Using a fork stir in the melted butter and mix to a moist crumbly stuffing.

## Basic recipe

Savarin au rhum

In itself a savarin is quite plain, the flavour comes from the sweet rum syrup used for soaking so that it is completely saturated and deliciously moist to eat. With a fruit and whipped cream filling this would make a marvellous dinner party dessert. As a bonus it keeps moist for several days in the refrigerator. Or the baked but unsoaked savarin can be frozen, then reheated in a moderate oven until lukewarm and treated as freshly baked.

Serves 6-8

6 oz plain flour;

1 level teaspoon salt;

1 oz fresh yeast or 2 level teaspoons dried yeast and 1 level teaspoon sugar;

6 tablespoons milk;

2 large eggs;

2 oz butter, melted.

For the soaking syrup

8 oz castor sugar;

1 pint water;

Juice of 1 lemon;

3 tablespoons rum.

Choose a ring mould that holds about one and a half pint capacity and butter it well, fingers are best for this since they get into all the corners which can be important if a fluted mould is used. Spoon a little flour into the mould and shake it all over to coat, then turn upside down and knock out excess.

Sift the flour and salt into a mixing basin and set in a warm place. Blend the fresh yeast with the warm milk, stir in the beaten eggs and pour into the centre of the flour—do not mix, just sprinkle a little flour on top. Cover with a cloth and leave in a warm place for about 20 minutes, or until the

yeast begins to break the surface and looks spongy. If using dried yeast mix in a bowl with the sugar and hand beat milk. Cover and set aside until frothy—about 15 minutes. Then mix in the eggs and add to the sifted flour.

Mix the ingredients by hand or with a wooden spoon. Add the melted butter and beat well to a soft glossy batter. Pour the batter into the prepared ring mould and spread evenly. Put to prove inside a baggy polythene bag until the mixture has doubled in size or has almost reached the top of the tin. Bake above centre in a hot oven (400 deg F or gas 6) for 20-30 minutes—test it like a cake, by running a skewer through the centre and if it comes out clean the savarin is cooking. Prepare the syrup. Put the water and sugar into a saucepan and stir over low heat to dissolve the sugar. Bring up to the boil and simmer gently for 8 minutes to concentrate the syrup. Draw off the heat and add the lemon juice and rum.

Turn the baked savarin out of the tin and quickly wipe out the mould with a clean cloth. Pour the hot rum syrup into the savarin mould and replace the savarin so that it floats on the syrup. After a few minutes the savarin will have absorbed the syrup like a sponge and settled back into the tin. Turn out onto a serving dish and leave in a cool place until ready to finish off. Fill with a mixture of whipped cream and fruit—fresh, or tinned pears or peaches, well drained and sliced mandarin oranges or stoned cherries are nice. So are halved and seeded grapes, orange segments or diced melon and thawed raspberries from the freezer. Reserve some of the fruits for decoration round the top. You can fill the centre with fruits and serve whipped cream separately if you wish.

## Party recipe

Why not plan on serving a buffet of Christmas cold meats with something that has plenty of flavour and acts as a good foil—like a Swedish herring salad. This one, with a basis of rollmops, herring, diced apple and beetroot all tossed in a sour cream and mayonnaise dressing, takes the pink colour of the beetroot juice, can look really good. It is a dish that would suit the family, too. On its own the herring salad is delicious with slices of buttered brown or rye bread and a green salad. The taste develops nicely over 24 hours so you can make it ahead.

### Swedish herring salad

Serves 6

3 pickled herrings or herring rollmops—see note;

4oz diced cooked beetroot;

8oz diced cooked potato;

1 onion, finely chopped;

1 dessert apple, peeled and chopped;

1 carton soured cream;

2 tablespoons mayonnaise;

Salt and freshly milled pepper;

Lettuce and 2 hard boiled eggs for garnish.

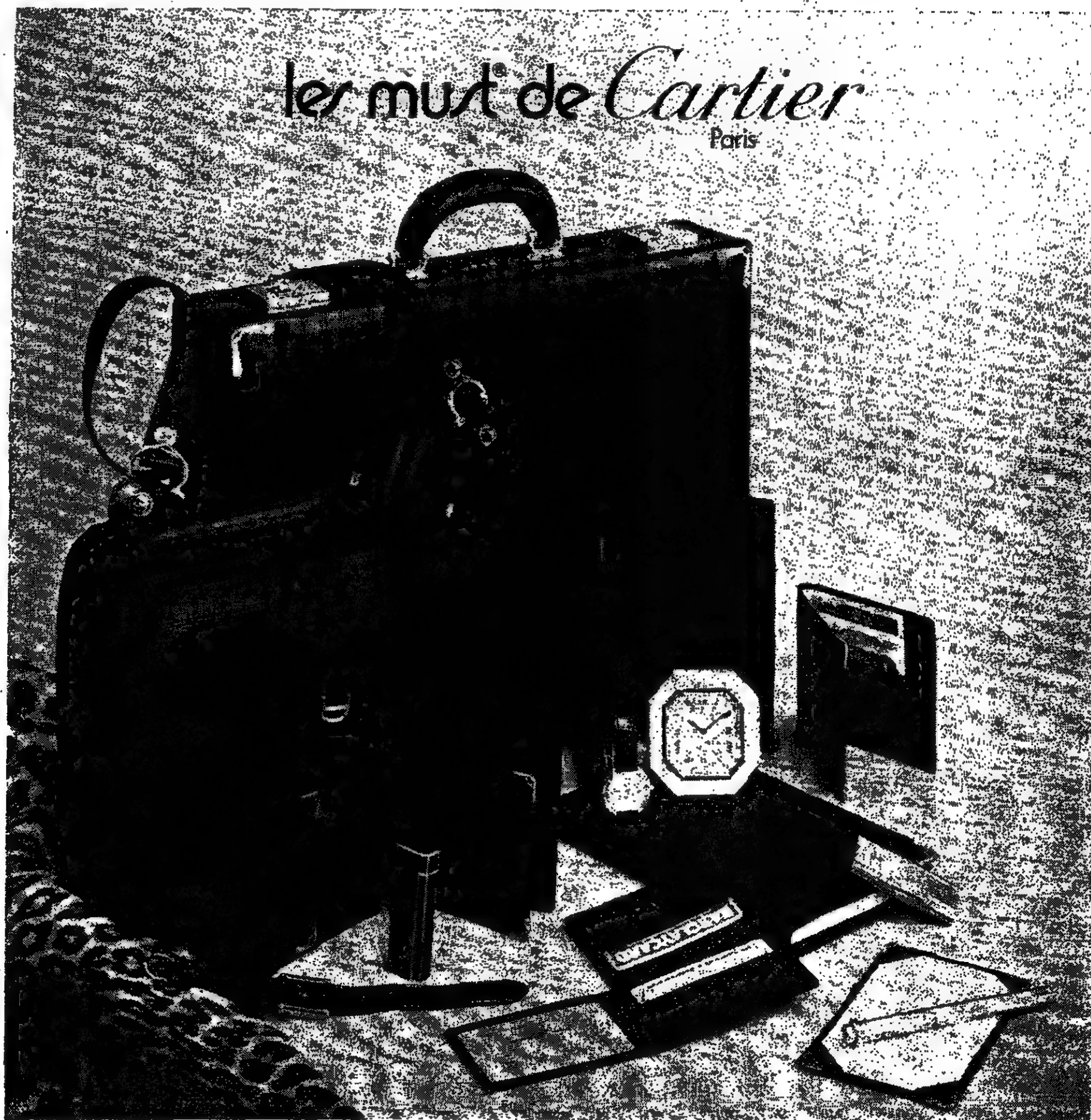
Car the herring into bite sized pieces, and mix with the pre-

pared beetroot, potato, onion, and apple—sometimes a chopped up dill pickled cucumber or a few gherkins can be added. Fold in the soured cream and mayonnaise gently

so as not to break up the herring. Season well with salt and pepper and chill. Serve the herring salad on a bed of lettuce leaves and garnish with segments of hard boiled eggs.

Note: You can buy or cook your own herring rollmops. They are very easy and quick to prepare. In fact, you can herring rollmops served with wedges of lemon, brown bread and butter and a green salad would be another alternative buffet dish to bear in mind. Rollmops must be cooked at least 24 hours in advance because the herring firm up as they cool in the liquor and are easier to handle. Find a suitable sized casserole in which to pack the herrings tightly so they keep a good shape.

Ask the fishmonger to clean fresh herring for you, slitting them down the belly. Open each one out and press down the back to loosen the bone. Then when you turn them over you should find the bone pulls out quite easily. Slip side fins away with scissors. Season the inside of each with salt and pepper and roll up tightly, packing them into the casserole as you do each one. Combine equal parts malt vinegar and water—about 1 pint is about right for quantity, and pour over the herring. Add a bay leaf or slice of onion for flavour. Cook them in the covered casserole in a moderate oven (350 deg F or gas 4) for 45 minutes. Keep in the liquid overnight until quite cold so that they absorb the flavour. Serve by lifting out of the liquid.



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## ONLY A TRIBUNAL WILL DO

Given the will of the Commons expressed in a decisive vote, it will be difficult for the Government to resist establishing a public inquiry under the Tribunals of Inquiry (Evidence) Act 1921 into the Crown Agents' scandal.

His own considered statement on the deeply disturbing report prepared by Judge Edgar Fay, and two others, in the circumstances which led to the financial rescue of this historic and unincorporated agency declared that there had been "a most severe failure of public accountability". Further, the Prime Minister felt the matters disclosed by the Fay inquiry justified the setting up of a new committee, under Sir Carl Aarvold, to assess the nature and gravity of any neglect or breach of duty by individuals which may have occurred in the Crown Agents, the Ministry of Overseas Development, the Treasury, the Bank of England and the Exchequer and Audit Department.

The Government's objections to an inquisitorial tribunal are that it would take too long, two or three years; that three men—one dead—had not appeared before Fay; yet anyone thinking himself liable to possible criminal proceedings could not

be compelled to give evidence that might be self-incriminating. So the superior powers of a tribunal in compelling the attendance of witnesses would be that extent be neutralized; that witnesses might be less frank and more guarded before a tribunal than before an inquiry in private; and that a tribunal would have to go over again all the ground already covered by the Fay committee.

But it is quite clear that MPs, who recognize that tribunals with their powers of compulsion should be used sparingly, feel the Crown Agents' affairs raise both matters of public confidence and particular grave questions of behaviour. Sufficient justification for establishing a tribunal can be found in the report of the Royal Commission of 1966 under Lord Justice Salmon and tribunals can regulate their procedure to safeguard individuals' rights, whatever difficulty can be seen. Only a tribunal will have the requisite powers to allay the disquiet of MPs and the public.

It is to the credit of Mr Richard Wood, a former minister, who honourably accepted his own departmental mistakes in Monday's debate, that he argued powerfully for an open tribunal. He is previously on record, at the start of the Fay inquiry, in suggesting that

any individuals named—as they were to be, last week—ought to be afforded such an opportunity to reply and to explain their actions.

The Crown Agents' losses and actions are of such a scale and departure from normal standards of conduct as to require further inquiry. Concern goes far beyond that of the hapless Vehicle and General Insurance Company, into which the Agents made one of the many ill-considered investments. One of the two inquiries conducted into V&G took the form of a tribunal covering negligence, impropriety, and misconduct by Crown servants. There was a separate Companies Act investigation under powers which the Fay team used as an analogy.

It is usual for a tribunal to be presided over by a person of high judicial office and there need be no reason for any witness to fear anything other than exposure to the truth. It is commonly held against tribunals that mud flung in the early stages sticks even if the allegations are later rebutted. However, there is, in this affair, no mud, but a prior well documented report. The powers of a tribunal are needed to pursue investigation of some matters further and apportion blame where appropriate.

## MR JACK JONES IN THE PULPIT

Speaking from the august pulpit of the Dimbleby Lecture last night, Mr Jack Jones was at pains to adopt a tone worthy of the occasion. It is seldom that anyone gets handed such a quantity of prime television time to do what he likes with. The most memorable Dimbleby lectures (not necessarily the most sensible) have been those of Lord Goodman's, which, unfortunately, Mr Jones ranged more widely. He had a theme, developed in conciliatory and statesmanlike tones: it was that trade unionism is basically a valuable and necessary force in our society and that many of the conflicts that it is associated with are avoidable. It was in his lengthy illustrations of this theme that sharper, less lofty, tones sometimes broke in.

Few would disagree with the main argument. The unions have gained many benefits for workers that we now accept as obviously just. When Mr Jones says that fewer strikes would be good for all, all can agree. His rejection of violence on the picket line and his call for strikers to remember that their quarrel is with their employers and not with the general public are pertinent and helpful today. No one will quarrel in principle with his call for more and better

arbitration as an alternative to strikes. This means, as he says, that the machinery must be expeditious and must command confidence. But as he goes on to the uncomfortable impression grows that what he means is that unions should be able to get from arbitration what they might have expected from striking.

The example that he dwells on most is, perhaps inevitably, the Grunwick affair and the rejection of Lord Scarman's proposals for a settlement. Elsewhere in his lecture Mr Jones shows the habitual trade union fondness for the word "voluntary". It is clear that he would not expect an award from a tribunal set up without reference to itself, and after having insisted from the first that it would not be bound by the tribunal's findings. But when Mr Ward acts in the same way, Mr Jones calls it "industrial sabotage".

As well as commending higher pensions, shorter hours, full employment and an end to racial discrimination, Mr Jones naturally puts in a word for industrial democracy, another principle that everyone can endorse until they get down to the details. He is still for the full Bullock package and professes astonishment that everybody did not see it as a means of "extending a

worker's influence over his working life". But it was not the influence of the worker but the corporate power of the union that Bullock would have strengthened. Many workers are not trade unionists, many unions do not represent the interests of their members at all.

Mr Jones showed almost no understanding of the real misgivings that are felt about the place of the unions in society today. Of the major problem of undemocratic votes at mass meetings, he merely said rapidly that he was "not against ballots". He did not take up the challenge that a prime minister has repeatedly thrown out to the movement this year: that of how to ensure that free collective bargaining does not mean that "the lion's share goes to the lions". There is no sign that defeat at Grunwick has made him question the determination of the unions to stand by that word "voluntary" and ensure that industrial strength and not the law shall settle disputes in the last resort. These are the questions that Mr Jones might have considered from his pulpit.

We all know that the unions are often useful and benevolent in their actions. What is worrying is their reluctance to accept safeguards against those times when they are not.

## KEEPING THE EEC IN MOTION

European summits are judged not only by what they decide but also by whether they prove able to decide anything at all. By both measures, but mainly by the second, the meeting which ended last night in Brussels was reasonably successful. The Community "reaffirmed its desire to progress and its capacity to take decisions", said Mr Tindemans. Britain did not help much by facing the meeting with the fact that direct elections are now unlikely to be held until at least the spring of 1979—disappointment was obvious and wholly justified—but European leaders are nothing if not hardened to setbacks. Work continues anyway.

In two other important though less glamorous areas there was significant progress. The ministers settled the long dispute over contributions to the Community budget, and they also agreed on allocations to the regional fund. The budgetary dispute was largely by the declining value of sterling. Britain's nominal contribution was originally set at 19 per cent,

which was roughly Britain's share of the gross national product of the enlarged Community. This was to be reached over a five-year transitional period ending in 1977. But the value was calculated in units of account based on pre-1971 dollar exchange rates. The relative value of Britain's contribution therefore declined with the pound, so that by this year West Germany was arguing that Britain's contribution was nearer 13 than 19 per cent.

There had to be some adjustment, particularly as next year the budget will be calculated in the new European units of account based on a basket of European currencies, but a straight jump based solely on new arithmetic would have imposed an unfair and unacceptable burden on Britain. Hence the long negotiations. The outcome, while still involving higher payments, is more favourable than expected, being about £200m less than originally demanded, though £40m more than Britain wanted to pay. This reflects not

only hard bargaining but rather more good will on the part of the other members than Britain has earned by her performance in the Community so far. On the other hand the regional fund is considerably less than proposed by the Commission, so that Britain, which is the second biggest beneficiary after Italy, will not get as large an increase as hoped for.

All this marks progress in the small but important steps which are necessary for the Community to be seen to be a going concern. The meeting did not, however, take the Community much nearer the "major new stimulus of historical dimensions" which Mr Jenkins believes necessary if the Community is to move towards economic and monetary union. He had a friendly hearing but the immediate and urgent problems of unemployment and sluggish investment are going to have to be tackled without waiting for more distant hopes to be realized.

## Saving historic ships

From Mr D. R. Goddard  
Sir Frank Carr's article (November 19) has certainly drawn attention to a most pressing need and one that is perhaps more urgent than even he may have realized, for, since his splendid achievements at Greenwich, both with the museum and the Curv Sark, another aspect of the disappearance of the world's maritime history has been accelerating at an ever increasing pace.

The inland engine has already decimated the coast sailing schooners, junks and dhows and the outboard engine has wreaked havoc with the myriad beautiful traditional inshore craft, but worse, that excellent oar building material fibreglass, and its related synthetic materials, are bringing to an end what one might call the evolutionary boat—that is to say one that has achieved near perfection through thousands of years of gradual evolution.

The dug outs, reed boats, catamarans, coracles, sampans and all the traditional wooden plank boats are making way for the universal fibreglass boat and with them goes the last means of transport known to man and in many cases unaltered for thousands of years.

on the chance will have been missed for ever and the historians, geographers and archaeologists will be left to make their deductions from what they can dig from the mud of the creeks and marshes where the boats finally died.

In answer then to Frank Carr, we do have an organization, albeit small, which is very much concerned with the preservation of the smaller craft of the world but for the larger ships surely the first step is to persuade an already established organization, such as our own National Maritime Museum or the Maritime Trust, to call an international conference to set the process in motion, for to attempt to establish at the outset a separate body will be too lengthy a business when, as he says, time is of the essence.

Yours faithfully,  
D. R. GODDARD,  
Director,  
Exeter Maritime Museum,  
The Quay,  
Exeter.

## Researching pollution

From Dr P. F. Chester  
Sir, David Nicholson-Lord's item in *The Times* of November 28 refers to a visit to the UK of the Swedish Youth Federation of Field Biologists to discuss ecological changes in Scandinavia which they believe are related to atmospheric pollution. It quotes representatives of British youth groups as complaining that the CEEB is planning no

research into environmental damage.

This assertion is factually incorrect and certainly cannot be the view of the Swedish party. Their visit to these laboratories last week was arranged by the International Youth Federation for Environmental Studies and Conservation, precisely because the Swedes wanted to hear more of the environmental research programme that our biologists and chemists have been carrying out in Norway in collaboration with scientists of the Fish and Forest Project. The visitors were given a full description of this work and its results to date, together with an outline of our ongoing plans, indeed we have subsequently received a letter of appreciation from the British organizers on behalf of the visitors.

In view of the incorrect impression created by your article I should add that some 50 staff here are engaged in the environmental aspects of power generation, one third of them on ecological effects. This effort is not unremarked in other quarters—we collaborate in OECD and EEC projects and with a number of British universities in this field. The most recent issue of *CEEB Research* (No 5) contains some relevant articles.

Yours faithfully,  
P. F. CHESTER, Director,  
Central Electricity Research Laboratories,  
Central Electricity Generating Board,  
Kelvin Avenue,  
Leatherhead, Surrey.

## Curbing the sale of pornography

From Mr D. B. Taylor  
Sir, The function of the law, I believe it is agreed, is to protect the lives and property of the subject. Yet Mr Anderson (December 5) has "14 squads set up at divisional level to deal with such matters as prostitution, pornography, licensing and gaming". It may be that the law does in fact have something to say on all these topics; it may equally be questioned whether it serves any useful purpose in doing so.

We are meant to be horrified that Anderson's "squads" have seized material alleged to be pornographic whose retail face value was £211,500. (Well we are, but for other reasons than Anderson supposes.) Apart from the consideration that the "retail face value" has itself been grossly enhanced by Anderson's sedulous inference, as a percentage of the total value of the book and cinema trades in the Greater Manchester area over the past three months I would guess that this is a fairly modest sum.

There may be some who openly bemoan for total debauchery and sexual material, but I don't find that so very astounding. But most of us simply have a taste for variety: Butler's Sermons today, Cleland's Confessions tomorrow; both are humbug. Apart from which we have it on good authority that the publicans and harlots go into the kingdom of God before the maintainers of "proper standards of decency" (Matthew XXI, 31).

Yours faithfully,  
D. B. TAYLOR,  
170 Divinity Road,  
Oxford.

## Dr Schumacher's vision

From Mr Robert Kahn  
Sir, Your generous leader on the work of Dr E. F. Schumacher (December 1) is rightly titled "A message heard". For it is largely within the developed countries that we have been slow to recognize the importance of appropriate technologies for specific objectives. However, it is misleading to say that Dr Schumacher's "disposition" of Dr Schumacher was in some unexplained way "resistant to modern trends" or "prejudicial". On the contrary, it is we in the white tribes of western Europe who are resistant to Dr Schumacher's vision of "economics as if people mattered".

People are more important than "market forces"; and Dr Schumacher's primal vision does offer practical as well as spiritual guidance whether people are living in affluence or deprivation. Perhaps no prophet is accepted in his own home, but in the case of Dr Schumacher, his vision is the only one that can lead us to a society rather than a mere personality.

Yours sincerely,  
ROBERT KAHN, Director,  
The Catholic Housing Aid Society,  
189a Old Brompton Road, SW5.

## Preserving Burgh House

From Mr Derek Godfrey  
Sir, Miss Joanna Richardson's allegations (November 25) that Burgh House has been "gravely neglected" by Camden, and that Camden is attempting to avoid its responsibility, are not, as she says, "difficult to sustain". Since 1965, when ownership was transferred from the Metropolitan Borough of Hampstead, £22,000 has been spent on the repair and maintenance of the house. Also, ten days before Miss Richardson's letter was published, the council approved a further minimum expenditure of £35,000 for remedial works required to conserve the building. Our consultant architect has indicated that the building is in "reasonable condition having regard to its age".

Burgh House will be restored and repaired as is the council's intention that the building will be fully used in future, thus ensuring its preservation. Regrettably, so far, the council has been unable to find a viable use of its own for the building, and has spent money on a way that would appear to depend on charging for admission, a proposal which is unlikely to be acceptable in principle.

Under the circumstances, therefore, and in view of the fact that both the basement and first floor have been used in the past for office purposes, the council is willing to consider the use of the building to recoup the cost of the present repairs and cover future maintenance and running expenses. In considering this option, the council will also take account of the ease of access already enjoyed by Miss Richardson and those who live in Hampstead to Penton House, Kenwood and a number of other houses. No doubt it will also consider the use of such funds, so released, could be applied in less privileged parts of the borough.

Yours faithfully,  
DEREK GODFREY, Chairman,  
Building, Works and Services Committee,  
Members' Room,  
The Town Hall,  
Euston Road, NW1.

## Disapproving of chess

From Mr S. F. Kistin  
Sir, Mr Bernard Levin is not quite accurate in stating (December 2) that chess is "not a very popular ecclesiastical displeasure".

In 1947, when Savonarola was the supreme secular and ecclesiastical authority in Florence, he ordered chessboards and sets to be burned in public together with other "vanities".

While I am not in favour of the practice (now rightly obsolete) of burning heretics at the stake, I cannot feel feeling as a lifelong devotee of the game, that there was some poetic justice in the fate which befell the chess sets in the end of the 15th century.

## Language of the Prayer Book

From Dr David J. Girling  
Sir, I wonder if those of your readers who have recently expressed their preference for the 1662 Communion Service over Series III have forgotten that Cranmer died in 1536, that he regarded the common tongue, spoken and understood by all, to be the appropriate language of public worship, and that he was passionately concerned with the content of worship: with what was said, not just with how it was said. Hence that of 1662 to one quite inordinately obsessed with sin, suffering and death.

To give but one example, in his 1549 service, Cranmer preserved the fine art of praise and thanksgiving which were to be found in the medieval missals: thanksgivings for all Christ's redemptive acts, His blessed passion, mighty resurrection, and glorious ascension. But with ascendancy of the reform party, the thanksgivings were stripped away, and the service was reduced (in the book of 1552 and hence that of 1662) to one quite inordinately obsessed with sin, suffering and death.

Are the present champions of 1662 really content that the central prayer book of the Church of England should not even mention the Resurrection, except in that it includes a recitation of the Creed? One of the great virtues of Series III is that it restores a truly Cranmerian balance. No wonder Cranmer alive today, he would surely prefer Series III; and had the present champions of 1662 been alive in 1549 they would surely have preferred the Sarum Missal, although had Christ's ministry consisted of poetry soires their present case would indeed carry considerable weight.

Yours faithfully,  
D. J. GIRLING,  
57 The Ridgeway, W3.

## From Lord Denham

Sir, Although I would personally go a long way to avoid a Series III service, I am quite prepared to agree that it is logical to include in it a truly modern version of the Lord's Prayer. I find far more distracting are the minor, and to my mind irrelevant, variations in the Series II version—"who art" for "which art", "on earth" for "in earth", and forgive those for "forgive them". Many people, however, find the minor variations in the Series II version with the 1662 Communion Service and Matins and Evensong still, happily, remain invariable.

When the time one has worked out why the alternative set of the three words is being used, one has totally lost all concentration on the actual meaning of this most important of all prayers. I do hope that, when the alternative set of the three words is published in 1980, there will be a clear choice between the unaltered 1662 version and the completely modern Series III one.

If I may say so, the Bishop of Durham is making the point more clearly in his letter (December 1). He acted perfectly properly in putting the case, in which he believes, to the General Synod. It is the overwhelming proportion of the Church's elected representatives who have plainly misjudged the strength of feeling over this matter, among those whom they represent. DENHAM, an obedient servant,  
House of Lords.

From the Reverend Brian Dickson  
Sir, I feel that I must write to point out some confusion in Mr B. W. Robinson's mind between the relative status of Cranmer's English and that of Shakespeare. In the first place Cranmer's Lord's Prayer was a translation of the Latin prayer, not a composition. No translation I ever wrote; but there can be no question, I think, that the modern version of the Lord's Prayer represents a more accurate rendering of the actual words of the New Testament than does Mr Robinson's prayer, beauty of

## Keeping libraries intact

From Bodley's Librarian  
Sir, Your leader (December 5) deploring the dispersal of libraries and calling for some fiscal action to rescue them, is warmly and welcome and it is much to be hoped that it will lead to a move on the part of the Government. That all in the situation is not black, however, is shown by the experience of the Bodleian Library.

In 1959 what remained of John Locke's personal library was offered for sale. The Bodleian, holding the largest collection of Locke manuscripts, was anxious to purchase it but the price was far outside our reach. At this moment Mr Paul Mellon came to our rescue. He bought the collection, housed it in his residence in Virginia, and transferred the legal ownership to the Bodleian by deed of gift, subject to his retention of the physical possession in his lifetime.

Mr Mellon is happily alive and in good health but he recently decided that the time had come to transfer the collection to the Bodleian. It arrived here, in Locke's own university, last month and is one of our most prized possessions. The books, invaluable for the scholar studying the evolution of Locke's ideas, are arranged on our shelves in the same order in which they were arranged by Locke himself. Oxford is deeply grateful to Mr Mellon.

A princely benefactor cannot, however, be always at hand: all interested in scholarship or art will support your call for a reappraisal of our fiscal and financial arrangements with a view to enabling libraries and galleries to acquire and preserve for posterity the nation's treasures.

Yours faithfully,  
ROBERT SHACKLETON,  
Bodleian Librarian,  
Bodleian Library, Oxford.

## From Mr Peter Opie

Sir, Your leader today (December 5) on the dispersal of John Evelyn's library, and on the prospect of further great collections being broken up, is both timely and valuable. Yet it perpetuates, if you will forgive me for saying so, one or two common fallacies which are help-

language or nearness to the original? Of course, we should aim at both these things; and as another of your correspondents points out the Series III revisers have at many points shown themselves to be capable of composing the most beautiful prayers.

On the other hand it may be, as your newspaper pointed out on the day that the New English Bible (New Testament) was published, that translation into beautiful contemporary English was easier in an age of "Faith" than in an age of "Doubt". Even Cranmer's liturgy has not always been hailed as the masterpiece which many today believe it to be. For Cornish churchmen the new Prayer Book seemed like some "Christmas game".

There is a second difference between the status of Liturgy and of Shakespearean drama. We do not need to understand Shakespeare and no doubt far outside the ranks of the scholars ever so much from the text as would have been possible for the ordinary educated man of his day. But if we assume that Mr Robinson accepts the truth of Article VI that Holy Scripture containeth all things necessary to salvation, our very salvation may depend upon our having as accurate an understanding as possible of what Our Lord actually meant and said. Yours sincerely,  
BRIAN J. DICKSON,  
Bishopston Vicarage,  
Gloucester Road,  
Bristol.

From Mr K. L. Stretch  
Sir, Might I query whether any of those who profess to be concerned about the quality of English congregational societies to follow Cranmer's language have ever done any really scientific tests (not opinion polls) of their thesis? I have, on notoriously illiterate candidates, using much less digestible material (Bacon); so I know that the dogma is false. It is not the language but doubts about the relevance of the subject in the twentieth century, and hence about whether one should think seriously about religion, that create the barrier. Once this is crossed, accurate and memorable language is welcomed, just as Shakespeare is read out for his poetic quality, not for his historical accuracy. It provides the best medium for fixing ideas so securely that they are remembered, and so can guide and sustain one in critical situations throughout life.

Of course, I present many cannot communicate in English at all; but no one can devise a liturgy in any language for people who cannot understand it. Yet once any one is convinced of his need, and wants to join his fellows in worship, the Book of Common Prayer is much more easily assimilated by English speakers than many other manuals the first to master.

And as for historic reasons, it strikes the heart chords of our very conservative race directly and forcibly, jettisoning its services makes the task of evangelizing England (and Ireland) an urgent problem, as well as the primary duty of the Church in this land more difficult, however much the action may grate religious enthusiasts.

Yours faithfully,  
LEWIS STRETCH,  
1 Manor Close,  
Ashby-de-la-Zouch.

From Mr Rowley Marriott  
Sir, Mrs Williams (November 29) has a very simple solution to her problem. Let her explain to her children the meanings of the words "mellowed" and "reassuase". It will give them the advantage of understanding them when they occur in other contexts, literary or religious.

She would not, I suppose, advocate a revised version of "Little Miss Muffet" on the grounds that "ruffet", "curds", and "whey" were unfamiliar to small children—even to those living near Chipping Campden.

Yours etc.,  
ROWLEY MARRIOTT,  
Cotesbach Hall,  
Lutterworth, Leicestershire.

ing some people to become resigned to what is going on. Not least of these is the idea that "if no collections of antiquities were ever broken up, new ones could never be made". This theory, to which Mr Edward Heath seemed to subscribe earlier this year, is on a par with the one about the nation's wealth being a cake of fixed size, and the business of government being to cut it up and share the pieces around equitably. The reality is that the fund of collectables in this country, like the potential for creating wealth in this country, is almost limitless, given only the imagination to see the new spheres available to us. Indeed it can be an actual hindrance to progress when the antiquities that were admired in the past become available to the contemporary collector (whether private or institutional) since cash and energy are then expended in "saving for the nation" what is already appreciated.

Like many another collector, doubtless, I know one of two subjects, and indeed of one or two collections already in embryo, which given a quarter of the cash at present being paid for the Evelyn library or sought for the Stubbs, could, at the very least, provide fresh sources of intellectual stimulus and aesthetic adventure. I am, Sir, yours, etc.,  
PETER OPIE,  
Westerfield House,  
West Liss,  
Hampshire.

## Translation of Kleist

From Mr C. B. Lulys  
Sir, Stephen Vizinczey's excellent reappraisal of Kleist in the *Saturday Review* (November 26) stated that none of his works is in print in England. I am delighted to inform Mr Vizinczey that we have a new translation by Roger Jones of *The Broken Jug* last year, and it has since been performed at a number of centres around the country. Yours faithfully,  
C. B. LULYS,  
Manchester University Press,  
Oxford Road,  
Manchester.

## Rewarding the servicemen

From Mr J. P. van den Bergh  
Sir, The general public have had the opportunity in many places of making contributions to the striking firemen, with whom all of us have great sympathy. Nothing seems, however, to have been done for the servicemen who are standing by to save lives and property, often living in shocking conditions and forfeiting well earned leave.

I suggest that one of the great insurance companies, whose special interest is obvious, opens with a substantial sum, an appeal for these men. I believe not only industry and commerce but the general public also would immediately respond and a worthwhile sum would be collected which could be used to give these servicemen some comforts and reward for their very special service—quick action is necessary. Yours faithfully,  
J. P. VAN DEN BERGH,  
Field House,  
Craneleigh,  
Surrey.

From Mr Denis Pirrie  
Sir, By the employment of under paid and poorly housed servicemen the local and central authorities are saving some £3,000,000 a week (if my arithmetic is right). It would be too much to expect the Treasury to permit the payment of extra money to these temporary firemen who are denied even the protective clothing and equipment they need to do their job and guard themselves from danger.

Would it not, however, be possible for a substantial proportion of the money saved to be given to welfare societies to help particularly soldiers wounded in Ulster and the families of those who have been murdered there. If this were done then the soldiers, sailors and airmen who are now fighting our wars would know that their efforts have been appreciated. The insurance companies too might well contribute to such funds.

Yours faithfully,  
DENIS PIRRIE,  
Windover,  
Underhill Lane,  
Westminster,  
Hassocks, Sussex.

## New town benefits

From Mr Wyndham Thomas  
Sir, Your report (November 29) of the new study, *Leaving London. Planned Mobility*, published by the City by Nicholas Deakin and Clare Ungerson, highlights the contention that inner cities have been socially and economically damaged by the development of new towns.

Alison Keymer, Northampton and Peterborough are all third generation new towns and all started house building in 1970. They share a principal purpose: to help reduce London's severe housing problems by providing homes and work for families from the capital, especially those in housing need and other "disadvantaged" groups.

The performance of the three new towns since their birth printed background. In 1976, for example, the three towns housed just over 2,000 families from London. Of that number, about two thirds were unemployed, disabled, elderly, single parent families or families who were "disadvantaged". Without the three new towns the families would almost certainly have been forced to stay in London.

Yours faithfully,  
WYNDHAM THOMAS,  
General Manager,  
Peterborough Development Corporation,  
Touhill Close,  
Peterborough.

## Registered electors

From Dr John F. West  
Sir, Last Friday I reported to the Electoral Commission that the Electoral Register for Northamptonshire, no fewer than a thousand mistakes in the newly issued draft register. All the 18-year-old voters listed in the 1977-78 register had by some computer error had their dates of birth printed by their names in the draft 1978-79 register. If uncorrected, this mistake would have disenfranchised all the 18-year-old voters of Carlton division from February 16, 1978 until the date of their respective nineteenth birthdays.

This incident highlights the need for a reform of the law on registration of electors. Very few members of the general public are aware that they have only 19 days during which to make a claim if their names have been omitted in error from the draft register.

The statutory dates are in the last degree arbitrary. The qualifying date is October 10. The draft register appears on November 28. Claims and objections have to be made by December 16; and the new register is current from February 16 one year to February 15 the next.

These dates do not actually have democracy into contempt; but their lack of logic certainly does not bode our version of democracy into esteem. Yours faithfully,  
JOHN F. WEST,  
Provisional Parliamentary Liberal Candidate, Carlton Division,  
86 Walsingham Road,  
Woodthorpe,  
Nottingham.

## Blackfriars destination

From Mr R. H. Thornton  
Sir, The inscribed stones taken from the facade of the old Blackfriars railway station in London look very fine in their fresh setting on the new station. British Rail are to be congratulated for preserving them in so suitable a position. Unfortunately in the process of cleaning them and gilding the letters of the destination town names a little bit of history has been lost.

At some time, presumably at the beginning of the Great War when the Russians thought the original name too Germanic, "St Petersburg" was overpainted "Petrograd". Signs of this were visible until the old station was demolished but now alas they have gone. Yours faithfully,  
ROY H. THORNTON,  
10 Clare Gardens,  
Upney,  
Essex.



## Work at home is part of part-time teacher's job

Lake v Essex County Council

Before Mr Justice Bristow, Mr J. D. Hughes and Mr B. L. Macleod

Work done by a teacher in her spare time outside school hours, such as marking or preparation work, which was reasonably necessary for her job, should be included in computing the number of hours a week she was employed in order to see whether she had worked sufficient hours to enable her to bring a claim of unfair dismissal.

The Employment Appeal Tribunal allowed an appeal by Mrs Jane Lake, a part-time assistant teacher at Hockley, from a decision of a London industrial tribunal that she had no jurisdiction to hear her claim of unfair dismissal by the employers, Essex County Council, because she was employed under a contract which normally involves employment for less than 21 hours weekly.

Although paragraph 9(1)(f) of the Trade Union and Labour Relations Act, 1974 (now 16 hours a week), which normally involves employment for less than 21 hours weekly, was not a contractual obligation on her to do so whether or not it was written into her contract.

Accordingly, Mrs Lake was under a contractual obligation to do as much work outside her school duty hours in preparation or marking, essential elements in her job, there was a contractual obligation on her to do so whether or not it was written into her contract.

The appeal would be allowed, and the case remitted to another industrial tribunal to assess whether her work outside school hours brought her weekly employment to 21 hours. Leave to appeal would be granted.

Solicitors: Mr H. Pierce; Mr C. R. Oakley, Chelmsford.

in work only during the hours specified in her letter of engagement—while she was on duty at the school. They accepted that a part-time teacher had other obligations and allocated her 3 hours 40 minutes a week out of the 19 hours 25 minutes for preparation and marking. They said that although that time was not written into her contract, it formed part of it.

Mrs Lake argued that in order to teach properly in class and to perform her other obligations, she had to work outside school hours. The 3 hours 40 minutes "free time" was not enough, being partly occupied by supervising the children when not in class.

It was clear law that what was expressed in a written contract did not necessarily include all the contractual rights and obligations of the parties. Quite irrespective of "free time", if a teacher found it necessary to spend time outside her school duty hours in preparation or marking, essential elements in her job, there was a contractual obligation on her to do so whether or not it was written into her contract.

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## Compensation for transferred rail employees

Tuck and Others v National Freight Corporation

Before Lord Denning, Master of the Rolls, Lord Justice Geoffrey Lane and Lord Justice Eveleigh

Officers compulsorily transferred under the Transport Act, 1968, from the British Railways Board to the employment of the National Freight Corporation whose salaries did not rise as they would have done if they had not been transferred, were held, by a majority, entitled to compensation under the British Transport (Compensation to Employees) Regulations, 1970, in respect of "worsening of position" properly attributable to "the transfer".

The Court of Appeal, in reserved judgments, the Master of the Rolls dissenting in part, dismissed an appeal by the National Freight Corporation from Mr Justice Donaldson (*The Times*, July 13) who allowed appeals by three corporation employees, Mr William Henry Tuck, Mr John Francis Moody and Mr Stanley Arthur Wray, from the dismissal by an industrial tribunal of their complaints that the corporation was not justified in rejecting their claims to compensation.

Their orders were told that there were many other employees with similar claims which, if admitted, would come to a very large sum.

Leave to appeal to the House of Lords was granted.

Regulation 13 provides that the conditions for the payment of long-term compensation are that an officer has suffered "a) . . . worsening of his position, being loss, diminution or worsening . . . which is properly attributable to the happening of the relevant event (the transfer) . . ."

Mr Jon Harvey, QC, and Mr Andrew Thompson for the corporation; Mr Ronald Waterhouse, QC, and Mr Alexander Irvine for the employees.

The MASTER OF THE ROLLS said that it was a test case. The three men said that they were employed by the Railways Board until December 31, 1968, when they were compulsorily transferred to new road companies. At first their wages were as good as before the transfer, but they became worse off because the men who stayed with the Railways Board received pay increases. Between October, 1972, and October, 1974, Mr Tuck got £125 less than he would have done had he stayed with the Railways Board. Mr Wray got £175 less and Mr Moody £220 less. They claimed compensation.

The general words "worsening of position" required a comparison between the man's position as he was since the transfer with what his position would have been if he had not been transferred. The words did not apply only to his worsening in his new company.

Was the worsening "properly attributable" to the transfer? The Railways Board had a monopoly of transport by rail and the trade unions were powerful and had succeeded in getting big increases in wages. The new road companies, operating in a fiercely competitive market, simply could not pay their way if they had to pay wages equal to those of the railwaymen's. They have to economise in every possible way.

The increase in the railwaymen's pay over the roadmen's since October, 1972, was attributable to those new factors and not to the transfer, which was not a cause but only part of the circumstances in or on which the cause operated.

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ated: Minister of Pensions v Chermell (1947) KS 250, 254-255.

His Lordship would allow the appeal and hold that the men were not entitled to compensation. LORD JUSTICE GEOFFREY LANE said that the relevant date was the date of the transfer, January 1, 1969. The conditions for the payment of long-term compensation to any person were that he had "before, on, or after" the date of the transfer, "suffered" a "worsening of position".

Each of the three men had suffered a worsening of his position and financial loss. Their position was worse than it had been before the transfer. The fact that the railway employees owed their favourable position to the strength of their union seemed to be irrelevant. "Attributable to" was a wider expression than "caused by".

The transfer of the men was one of the factors, if not the principal factor, which contributed to the worsening of their position. The Master of the Rolls said that even though the error to be rectified had been the fault of the plaintiff's solicitors it was not to the plaintiff's getting relief.

LORD JUSTICE GOFF, agreeing, said that generally speaking negligence was an irrelevant consideration in rectification. *Kent v Hardley* (1966) 200 EG 1037. Lord Justice Cumming-Bruce agreed.

Solicitors: Mr J. S. Seager; Russell Jones & Walker.

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## Solicitors' error no bar

Weeds v Blaney

A plaintiff can succeed in getting an order for rectification notwithstanding the fact that the need for rectification arose from an error by his own solicitors.

The Court of Appeal dismissed an appeal from Judge Thomas sitting as a deputy judge in the Chancery Division (*The Times*, March 18, 1976) who had said that the statement in *Halsbury's Law of England*, (3rd ed., vol 25,

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## Science report

Radioactivity: Unusual levels noted in Sweden

Many nations keep an eye on the level of radioactivity in the atmosphere, particularly activity that is a consequence of nuclear weapons tests. There are three main reasons for continuing to analyse atmospheric samples: to ensure that there is no public health risk; to ensure that underground tests by countries signatory to the partial test ban treaty do not leak radioactivity across national frontiers; and to learn something about the nature of weapons being developed. A Swedish scientist has just reported unusual levels of radioactivity in 1976, which may be a new type of weapons development in the Soviet Union.

The two nuclear nations have not signed the partial test ban treaty and therefore are at liberty to test in the atmosphere are France and China. In addition, an occasional underground test does release some radioactivity to the atmosphere. Sampling of both deliberate and unintentional radioactive pollution is done with ground-based stations, reinforced where necessary by ship and aircraft-based collecting devices. Sweden has eight ground stations that give approximately weekly readings of radioactive materials.

In January 1976, the Chinese held a low-yield atmospheric test and for a month or so afterwards radioactive debris was widely reported. But in mid-March, when those levels had substantially declined, there was a brief but significant burst of further activity in southern Sweden and Finland (British stations reported nothing outward). Most notably, activity came largely from radio-isotopes of molybdenum.

The isotopes in question have only a half-life of a couple of days.

Further large reappearances of molybdenum and neptunium occurred in mid-April, although not by a great quantity and only in the north. And on three other occasions in 1976, smaller quantities of the short-lived radioisotopes were detected.

Dr Lars Erik de Geer, of the Swedish National Defence Research Institute in Stockholm, is reporting these observations, which would put forward a hypothesis that the Soviet Union or with release of radioactive debris from nuclear power plants, but without subsequent, however, that on occasions the wind had been from the east for several days, indicating a Finnish-Soviet source.

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By Nature-Times News Service, Science, 1977, 925 (December 2, 1977).

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Latest estates include (net, before tax; tax not disclosed): Bennett, Mr Cyril Barrie, of Westminster, London, controller of programmes, London Weekend Television, Intestate, £3,557.

Legg, Mr Edward Burton, of North Walsham, £120,173. Parley, Mrs Edith Sarah, of Bristol, £120,381.

Sayers, Mrs Janet, of Middlesbrough, £122,135.

Travers, Mr Gordon, of Beaconsfield, £140,784.

Walker, Mr Marjorie Jackson, of Cuckfield, £209,581.

A further grant of probate in respect of settled land valued at £71,300 has been issued in the estate of Lord Cranborne, of Cranborne Hall, North Yorkshire, in addition to unsettled estate already valued at £41,566, making a total of £112,866.

25 years ago

From *The Times* of Saturday, Dec 6, 1952.

General Eisenhower has completed a three-day tour of the Korean battle zone during which he saw front-line units, including British Commonwealth troops, and conferred with President Rhee of South Korea. At a press conference in Seoul, the President-elect said he had no panacea to offer, but much could and would be done to improve the allied position in Korea. When the army arrived at Seoul, which had had its first heavy snowfall of the winter on the previous night, it was met by military officers and escorted by armed cars to Eighth Army headquarters where General Van Fleet and General Van Fleet greeted the President-elect.

Professor Ronald Mason, FR, professor of chemistry, Sussex University, to be Chief Scientist, Adviser, Ministry of Defence.

Other appointments include: Dr G. J. R. McHardy to be member of the Council of the Royal College of Physicians, Edinburgh.

Air Marshal A. C. Davies to be director of the international military staff of Nato in succession to Lieutenant-General Gerhard Schmucke of West Germany.

Mr John Alexander, educational officer for the BB School Broadcasting Council, Alan Jamieson is now known chief education officer.

## Riot prisoners fail to quash visitors' disciplinary decisions

Regina v Board of Visitors of Hull Prison, Ex parte St Germain and Others

Before Lord Widgery, Lord Chief Justice, Lord Justice Cumming-Bruce and Mr Justice Goff

The Divisional Court refused applications for orders of certiorari made on behalf of riot prisoners who took part in the disturbances at Hull Prison last year to quash the decisions of the prison's board of visitors. The board had heard charges that the prisoners, inner cells, had been concerned in a conspiracy to cause a riot and had made disciplinary awards, including loss of remission.

The ground of refusal was that certiorari does not lie in respect of an order made by a disciplinary board as a prison board of visitors.

Mr Andrew Collins, Mr Asmat Khan, Mr Michael Jones, Mr Peter Thornton and Mr Beloff for the applicants; Mr Harry Woodcock, Mr Robert Owen for the prison visitors.

The LORD CHIEF JUSTICE said that the universal complaint of the prisoners was that in dealing with them the board of visitors had failed to comply with the rules of the prison. In the ordinary way that would involve immediately a consideration of the charges before the board; but the remedy of certiorari would not go to a board of visitors in respect of a disciplinary body was under review.

Justice. That, therefore, was the only issue the court was concerned with.

The board of visitors was a creature of the Prison Act, 1952. Its duties were diverse and included disciplinary powers. The Act was backed up by comprehensive rules. Under the rules the prison governor had power to impose his own penalties, but in cases of more serious offences it was provided that the governor should inform the Secretary of State, and unless it was otherwise directed the charge was then referred to the visitors.

For a long time it seemed that the argument was going to turn on whether remission was a matter of grace and not a right; but at the end of the day it did not seem that the argument turned on whether the court was dealing with rights or privileges.

Starting the question whether certiorari would go, his Lordship said that it was recognised that there was a precise definition of the sort of order which could be subject to attack by certiorari. There were formal boundaries, but useful pointers could be derived from the authorities.

From the facts of the present case it would appear that it looked as though it was a case for certiorari. Invisibly it would be the case for certiorari to quash the decision of the visitors to impose a disciplinary act for present purposes.

Lord Justice Cumming-Bruce delivered a concurring judgment, and Mr Justice Goff agreed.

Solicitors: George E. Baker & Co., Guildford; Philip Blaxter & Co., London; Partners in Douglas-Mann & Co. for Patterson, Clement & Stracey, South Shields; Mr Hilary Stirling, Solicitor, Partners for Clough & Co., Bradford; Treasury Solicitor.

Science report

Radioactivity: Unusual levels noted in Sweden

Many nations keep an eye on the level of radioactivity in the atmosphere, particularly activity that is a consequence of nuclear weapons tests. There are three main reasons for continuing to analyse atmospheric samples: to ensure that there is no public health risk; to ensure that underground tests by countries signatory to the partial test ban treaty do not leak radioactivity across national frontiers; and to learn something about the nature of weapons being developed. A Swedish scientist has just reported unusual levels of radioactivity in 1976, which may be a new type of weapons development in the Soviet Union.

The two nuclear nations have not signed the partial test ban treaty and therefore are at liberty to test in the atmosphere are France and China. In addition, an occasional underground test does release some radioactivity to the atmosphere. Sampling of both deliberate and unintentional radioactive pollution is done with ground-based stations, reinforced where necessary by ship and aircraft-based collecting devices. Sweden has eight ground stations that give approximately weekly readings of radioactive materials.

In January 1976, the Chinese held a low-yield atmospheric test and for a month or so afterwards radioactive debris was widely reported. But in mid-March, when those levels had substantially declined, there was a brief but significant burst of further activity in southern Sweden and Finland (British stations reported nothing outward). Most notably, activity came largely from radio-isotopes of molybdenum.

The isotopes in question have only a half-life of a couple of days.

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# EGYPT

a Special  
report

## Peace is primary aim—but not at any price

by Denis Taylor

So fast and furious have been the twists and turns in Egyptian foreign policy in the past few weeks that one could be forgiven for thinking that it had gone completely into reverse, particularly now that Cairo has broken off diplomatic relations with Syria, Libya, Algeria and South Yemen after the anti-Sadat measures adopted in Tripoli this week.

But the overall aims of President Sadat's strategy remain much more consistent than might be imagined by those who have not got their breath back since his visit to Jerusalem.

First—and this was the point of his dramatic break with precedent in going to the capital of the state with which Cairo has been in a state of war for almost 30 years—he wants peace in the region. Egypt, as Mr Sadat has not hesitated to point out, has borne more of the burden of the conflict than any other Arab nation.

What could not have been

foreseen were the tactics the Egyptian leader would employ in order to try to give an impetus to this aim, including his implicit recognition of the state of Israel, which the other Arabs regard as throwing away a crucial card before negotiations have even begun.

The reactions to his challenge to the Arab world have been for the most part predictable, from the violent outbursts of Iraq to Syria's more measured disapproval and Jordan's agonising efforts to keep the middle ground. Inviting the Israelis to Cairo was bound to produce an anti-Egyptian summit like that just held in Tripoli.

As his speech to the Knesset showed, President Sadat's mission was not an attempt to negotiate a peace treaty between Egypt and Israel but to call for a regional settlement embracing the fundamental Arab demands for an Israeli withdrawal from the territories occupied in 1967 and the right of the Palestinians to have their own state. Any dilution of those conditions would have immediately and entirely destroyed his credibility among the Arabs.

Time will show whether Egyptian perceptions about the Israeli Government were on the right lines. One view in official Cairo circles, before the possibility of a Sadat visit to Jerusalem was publicly aired, was that Mr Begin was modifying his apparent fundamentalism under force of circumstances. Those were said to include the implications of the unprecedented joint Soviet-American statement early in October, which called for a

settlement ensuring "the legitimate rights of the Palestinian people". At the same time, the Egyptians seemed to be under no illusions about the willingness of Israel to negotiate with the PLO, so that Mr Begin's subsequent reactions on the Palestinian issue can hardly have come as a surprise.

There was a feeling in Cairo, however, that in spite of his evident reservations on the question President Carter was gradually moving towards acceptance of the idea of an independent Palestinian state. Even if that is the case, it must then be asked whether the Egyptians, like other Arabs, are not taking far too simple a view of Washington's ability or desire to put pressure on Israel.

Egypt's attitude towards the super powers remains consistent. The pattern was set when President Sadat expelled his Soviet military advisers in 1972 and subsequently committed himself to a rapprochement with the United States. If there is any change there it is the tactical one of being ready to talk directly to the Israelis rather than depending on American or other intermediaries.

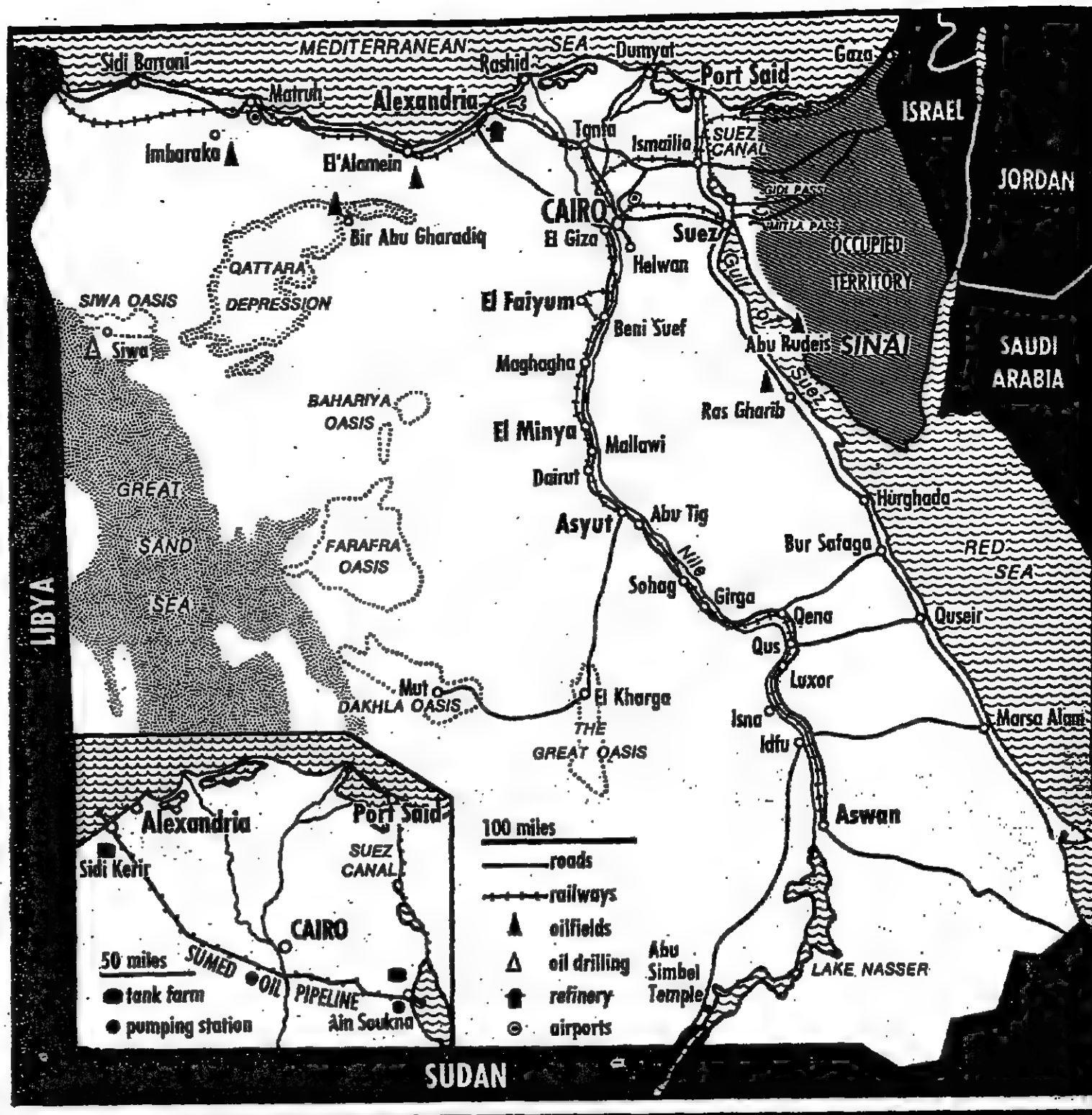
His distrust of Russian intentions in Africa stays strong, hence Egyptian concern about the Horn of Africa and, earlier this year, Zaïre. When announcing that Egyptian pilots and technicians were being sent to help President Mobutu to contain the invasion of Shaba province, Mr Sadat said this incursion was "a direct threat to Sudan and the source of the Nile, which for us is life and death. We shall fight against whoever attacks Sudan".

The Horn of Africa is seen in Cairo as an area of vital interest, where it wants to see stability and freedom from foreign domination. Egyptian concern about the Horn reflects their preoccupation with the Nile, a tributary of which rises in Ethiopia, as well as with the Red Sea.

There is obvious satisfaction that the Russians have not achieved any net gains from their backing of both sides in the conflict between Ethiopia and Somalia.

The practical fruits of Egypt's 1974 agreement to coordinate political and economic policies with Sudan are so far slight. A mutual defence pact was signed after an abortive coup against President Nimeiry last year. Six weeks ago in Cairo the parliaments of both countries met together for the first time. The idea is gradually to improve political, economic, cultural and educational cooperation rather than try to force the pace. The recent history of the Arabs is littered with failed schemes for unity.

President Nimeiry was the only Arab leader to endorse the Sadat initiative in person by flying to Cairo on the Egyptian leader's return home. Earlier this autumn Egyptian officials were talking of an improvement in relations with Libya since their brief desert war last summer. Such claims already seem like ancient history. The world is now waiting to see whether Mr Sadat's revolutionary tactics have destroyed all hopes of realising his objectives and brought the Middle East once more to the brink or whether in a way as unforeseen as his flight into Israel his gamble is vindicated.



## Investing in Egypt A new open door policy

As part of Egypt's forward-looking programme to re-vitalise her economy, the People's Assembly has approved a number of amendments to the country's investment laws.

These amendments, covering exchange rates, taxation, customs duties and the repatriation of profits, make Egypt's current investment climate one in which overseas

investors will see their projects come to fruition more smoothly than ever before.

During the next four years, projected schemes will be undertaken to build up the country's involvement in agriculture, textiles, housing, transportation, engineering, mining, finance and food stuffs to the benefit of both Egypt and foreign investors alike.

### Agriculture

Agriculture and land reclamation are vital sectors of the Egyptian economy.

Investment—both foreign and domestic—in this area includes animal production and water wealth as high priorities. Important too, are the cultivation of fruit and vegetables for export, poultry raising and cattle breeding, fishing, and dairy production.

### Industry

In the past the Egyptian economy has been heavily orientated towards agriculture.

Today the emphasis has shifted to include industrial development. With a substantial industrial export trade already under way, over one million of the country's workforce are employed in industrial activities.

Thus investment from overseas is encouraged in metallurgical concerns, the engineering and electronic industries, textiles, chemicals, building materials, foodstuffs, mining and petrochemical industries.

### Tourism

Egypt was a great civilisation with a centralised government over 3,000 years before the birth of Christ.

Nowadays the fertile banks of the Nile steeped in the ancient history of the Pharaohs' land, attract thousands of tourists each year. For those who look for the sun in winter, and who have an interest in history and archaeology, Egypt is an ideal place.

Foreign investment is invited to improve facilities for tourists through the construction of hotels, tourist cities and villages, camping centres, floating hotels, ferries and other amenities.

### Financial institutions

Beyond the investment potential of agriculture, industry and tourism, Egypt's new policy opens the door for the establishment of a variety of institutions to provide adequate financing for any accepted investment project.

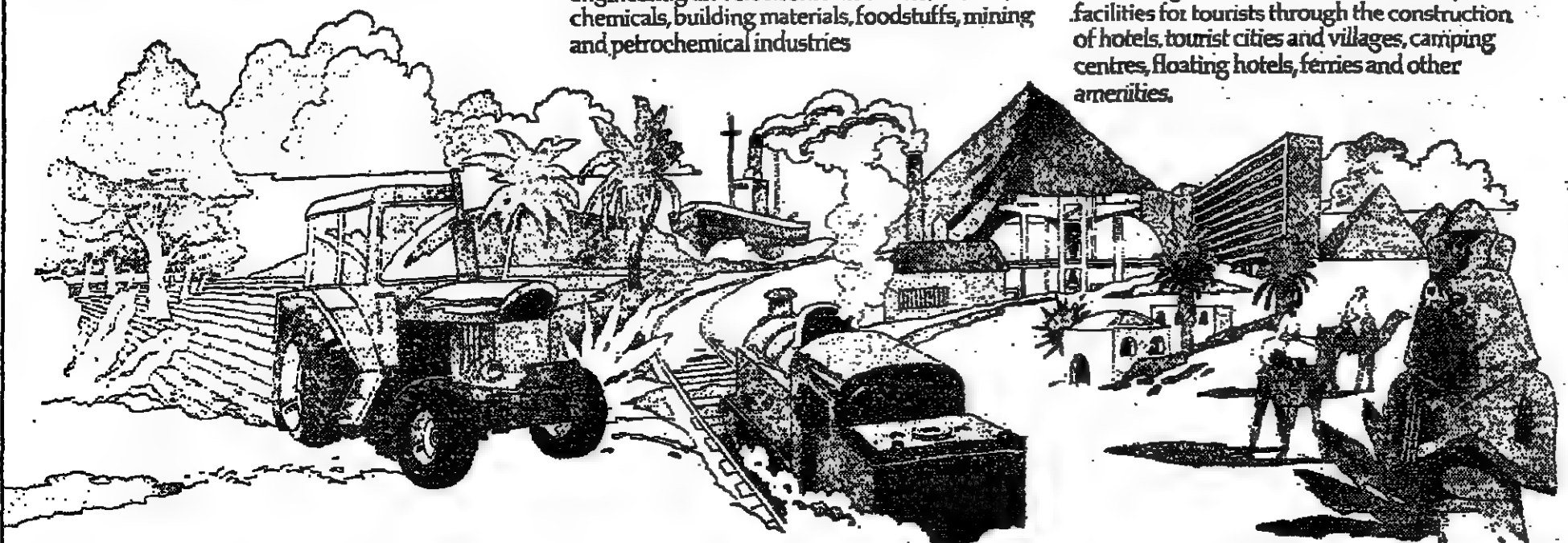
Opportunities now exist for investment companies, investment banks, merchant banks, and reinsurance companies to open branch offices in Egypt or to establish institutions constituted in Egypt.

### The progress so far

Already Egypt's investment programme is far-advanced.

This table shows the scope and involvement of foreign investors whose projects are currently under way. It is an indication of the way in which, in partnership with overseas industrialists, Egypt is committed to a comprehensive programme of economic growth.

Activity	Number of Investment Projects	Total Investment (thousands of Egyptian pounds)	Egyptian Investment (thousands of Egyptian pounds)	Foreign Investment (thousands of Egyptian pounds)	Employed Nationals at 30/7/77
Textile Industry	28	21.7	14.0	7.7	5,131
Foodstuffs	26	20.1	13.8	6.3	1,063
Metallurgical	25	10.0	7.5	2.5	9,034
Engineering	15	12.5	8.8	3.7	1,702
Mining	4	2.3	0.8	1.5	425
Ceramics	15	25.0	2.7	22.3	1,338
Chemicals	83	65.7	19.7	46.0	9,431
Pharmaceuticals & Medical Equipment	3	1.1	0.1	1.0	728
Animal Production	74	25.2	13.6	11.6	2,093
Housing	14	9.9	39.7	5.2	—
Contracting	10	8.7	3.7	5.0	2,428
Transportation	8	22.8	1.4	21.4	2,041
Investment Companies	13	14.0	25.0	114.0	—
Banking	23	99.6	14.0	85.6	—
Tourism	22	182.1	1.0	181.1	157,438
Health & Recreation	0	1.2	1.9	32.0	2,068
<b>Total</b>	<b>243</b>	<b>729.3</b>	<b>245.7</b>	<b>483.6</b>	<b>266,037</b>



For further information contact:

**General Authority for Arab and Foreign Investment and Free Zones.**

8, Adly Street, Cairo, Egypt.

هكزا من الاص



## A performer on the world stage

I don't know about the obel Prize, but I think they ought to get Oscars, says Mrs Golda Meir's characteristic comment on the performance of President Sadat and Prime Minister Begin during Mr Sadat's recent visit to Israel, which without reason has been labelled "historic". As far as Mr Sadat is concerned, one can only endorse the verdict. He is a man who visibly enjoys "performing" on the political stage, and the visit to Israel was, in his most accomplished performance to date, no exception. He intended to go to Israel, as many supposed, to negotiate a deal with the Israeli Government. He will come later. He has, as he himself said, to send a message to the Israeli audience that he is a genuine man of peace, and that Israel really has peace if it is prepared to give up the territories conquered in 1967 and to accept some kind of Jordanian state.

An audience was not just a few members of the Israeli Government, but even the three Israeli Prime Ministers. Mr Sadat's visit to Israel was an event which would be seen in most countries of the world, and particularly in the United States; and the quite sure the superpower across the sea took the interviewers of all three American television networks with him in his visit.

He wanted to make sure in the negotiations with President Carter, when President Sadat tells the Israeli Government there is a real peace worth big concessions for, he will be believed and supported by most Americans and a good many Israelis as well.

### Psychological barrier to be broken

But Mr Sadat has consistently ignored such criticisms. He seems to have a sense, that Egypt and the Arabs are too weak to drive a hard bargain with the superpower like the United States. Instead of trying to bargain, therefore, he has sought to convince—to overcome, as he now puts it, the "psychological barrier" of mistrust; and to inspire trust one has to act spontaneously and wholeheartedly, holding nothing back, keeping no options in reserve, not hedging one's bets.

Gambling metaphors inevitably creep into any portrait of Mr Sadat. To call him a political gambler is a cliché, not an insult. It means that, unlike most political leaders, he is willing to take risks. But what sort of a gambler is he? If in one respect he

is like a reckless roulette player, piling all his chips on a single number, in another he is like a skilled bridge player, who manages repeatedly to nullify his opponents into thinking he has no high cards left.

He would probably never have become President had not his apparent mediocrity, combined with almost servile loyalty, commended him to Nasser as an heir apparent who would never become a rival, and had the contentment for power after Nasser's death not assumed that they would be able to manipulate him until they were ready to push him aside.

In May 1971 he was able to arrest the men who controlled the security services, mainly because it had never occurred to them that he would try. And in October 1973 he was able to take the Israelis by surprise because they had long written him off as a man who wanted on about "the coming battle" as a diversion from his country's internal problems, but had neither the military capacity nor the political resolve to launch a real attack.

So, too, his decision to go to Israel last month came at a time when many critics were confident that his pro-Western policies were failing to secure either Israeli withdrawal from Arab territory or the rescue of the Egyptian economy, and when Egyptians of all classes had taken to speaking of him with contempt. It remains to be seen just what this latest initiative will achieve, but there is no doubt that once again he has taken the entire world by surprise and thrown friend and foe alike into confusion.

E.M.

## Immigration seen as answer to unemployment

by Atef Sultan

Improving employment opportunities for Egyptians was one of the important issues that topped a long list of steps proposed by Professor Alex Moeller, former West German Finance Minister, in a report on Egypt's economic prospects submitted to President Sadat last June.

Some comfort is found, however, in other Arab countries which since the 1973 oil boom have launched massive development programmes requiring large numbers of imported skilled and unskilled staff. In 1972 the number of Egyptian expatriates totalled 200,000. In the past four years, however, one million Egyptians, about 10 per cent of the workforce, left to work abroad, mostly in Libya and the Gulf States.

Unlike other surplus labour nations like Turkey or the Republic of Korea, Egypt has no well-defined policy on migrant workers. But at least since President Sadat's much-publicized open-door policy was introduced the Government began to see immigration as a palliative for the problem of unemployment and as a valuable source of foreign exchange. Earlier this year Mr Memduh Salem, the Prime Minister, said that

remittances by Egyptian expatriates amounted to \$400m a year. According to more recent estimates, this figure has now tripled as the result of a further relaxation in Egypt's foreign exchange control.

Such an inflow of foreign exchange will not solve Egypt's economic problem overnight. With a gross national product of only about \$11,000m Egypt faces

an estimated trade deficit of about \$2,500m this year and an outstanding foreign debt of about \$16,000m while debt servicing alone takes nearly 40 per cent of export earnings. However, remittances for the first time have exceeded any other single source of foreign exchange earnings, which traditionally consisted mostly of cotton exports, dues from the Suez Canal and tourism earnings.

In most of the thinly populated Gulf states, for example, the demand for transport staff in other Arab states, particularly Iraq, has left Cairo's already disastrous bus network with fewer drivers and technicians, and it is now said that Army staff will be used to run the services.

One of the disquieting features of the migrant labour market is political vulnerability. The rapid and often unpredictable changes in Egypt's relations with certain Arab states could make the future of its migrant workforce there uncertain.

Libya offers the best example. While Egyptian and Libyan forces fought fierce battles on the border last July, about a quarter of a million Egyptian technicians, doctors, teachers, administrators, construction and other labourers were still at work throughout Libya. Under these circumstances, it is ironic that Egyptians make up more than a third of Libya's workforce, and that their skills are so important to Libya's development.

The Libyans knew that if the Egyptians left, sufficient numbers of alternative labour would be difficult to find. But now that Libya has severed all political, economic and communication links with Egypt in protest at President Sadat's startling peace talks in Israel last month, Egypt could find itself flooded by an army of its own workers expelled from across the border.

The author is on the staff of the Middle East Economic Digest.

A serious shortage in

craftsmen has also emerged. Now good plumbers or tile layers, for example, can earn \$40 a day—more than triple a university professor's earnings. The large demand for transport staff in other Arab states, particularly Iraq, has left Cairo's already disastrous bus network with fewer drivers and technicians, and it is now said that Army staff will be used to run the services.

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## Sadat raises hopes for future

by Edward Mortimer

President Sadat's spectacular decision to visit Israel last month was taken against a background of political and social malaise, and a deep-seated economic crisis. Until last month the Egyptians had been in a state of apathy, and the serious riots which occurred in Cairo and Alexandria in January in protest against the Government's sudden decision to raise the prices of the heavily subsidized basic commodities that make up the diet of the Egyptian poor.

The riots were the most serious political disturbance in Egypt since the revolution of 1952, and though President Sadat has repeatedly blamed communists and Soviet agents for instigating it, there is little doubt that it was in fact largely spontaneous. Indeed, the Government implicitly admitted the genuineness of the grievance by rescinding the price increases at the same moment when it was obliged to call in the army to restore order in the streets.

The riots were a severe blow to the Government's prestige. They forced the President to divert his attention from the first time on the dangerously wide and growing gap between the prosperity of the few and the grinding poverty of the many. On the one side were the new and old rich: the old families who had managed to preserve or recover at least a part of their wealth from before the revolution and those who had risen through the army or the bureaucracy to positions of influence during the Nasser regime.

Both have profited from the liberalization of the economic system since 1973, the influx of oil money from the Gulf and the availability of imported consumer goods. On the other side were the new and old poor: the old families who had managed to preserve or recover at least a part of their wealth from before the revolution and those who had risen through the army or the bureaucracy to positions of influence during the Nasser regime.

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will be exploited by communism, and has given some encouragement to what he sees as a preferable alternative—the revival of traditional Muslim piety.

All observers agree, including the leftists themselves, that this revival has a far wider popular appeal at present than any of the leftists or neo-Nasserist criticism of the regime's policies. In fact, the religious revival has gone well beyond what the Government can have wanted, and has reached a point where some aspects of it have become a serious embarrassment.

The most obvious example is the *Taqfir*—Wal Hira group whose leaders were sentenced to death last week. The danger of this group lies not so much in its advocacy of violence as in its thesis that present-day Egyptian society is actually no longer Muslim, that the present rulers of the country cannot be considered Muslims, even as individuals, and that it is itself the only true Muslim group, and in the significant following that the group has obtained, particularly among students of both sexes.

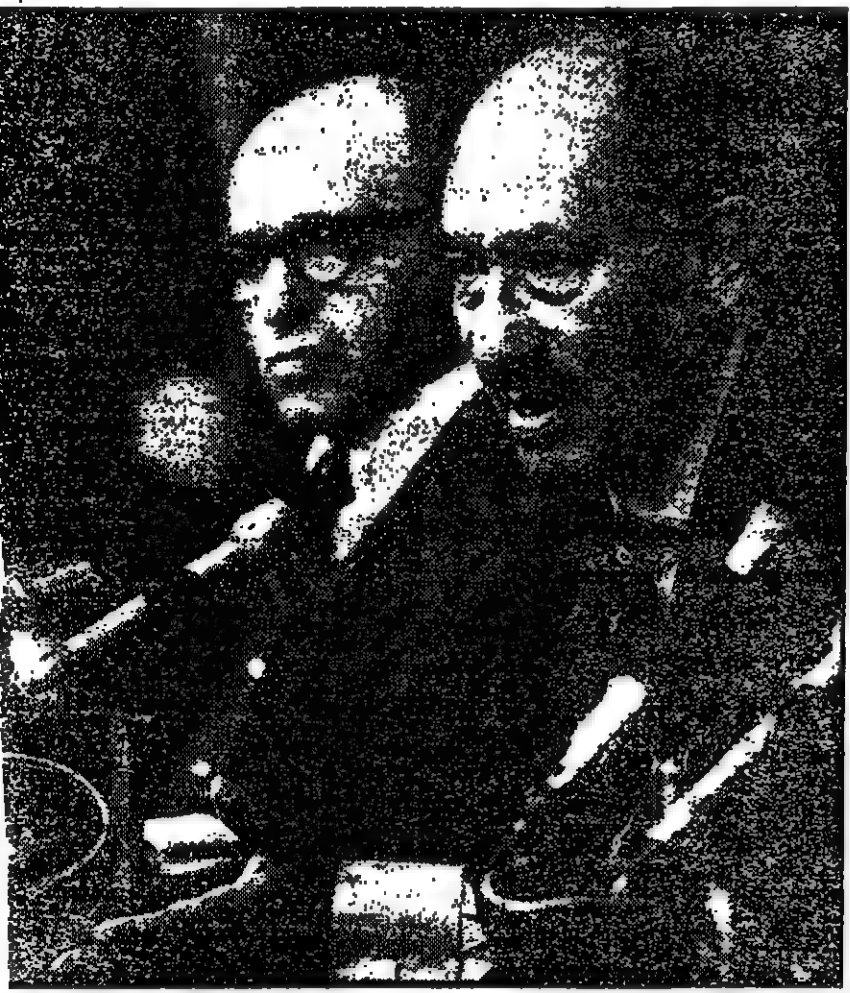
Few doubt that it has been helped to obtain this following by financial support from Libya and Saudi Arabia, or possibly both. The fact remains that a large number of Egyptians, and particularly young Egyptians, interpret the obvious decadence of the country as essentially a falling away from the true Islam, and see the remedy as a return to a strict fundamentalist application of the rules of the Koran and the Sharia.

This has put the older Muslim leadership on the defensive: both the old and the new are no longer underground although not officially recognized as a political party) and the religious establishment of Al-Azhar University have had to demonstrate the strength of their Islamic commitment, and their influence in Parliament has been reflected in a number of attempts to tighten up social and moral legislations. The most controversial proposal this year, put forward by a parliamentary committee, was to reintroduce the death penalty for Muslims who renounced their faith.

Few Egyptians are satisfied with the present state of their country. Almost all believe that peace could only bring a change for the better. Many feel resentment towards the Palestinians, with whose cause they have been saddled for 30 years, and towards the Arabs (these are, essentially, the old Arabs), about whom they speak in much the same terms as the average Londoner.

There is little or no gratitude for Arab financial support, which most Egyptians feel is dispensed with both parsimony and condescension, and combined with unacceptable interference in Egyptian society and Egyptian policy. Compare the French attitude to Americans at the time of the Marshall Plan.

In striking out boldly for peace with Israel and defying Arab opinion, President Sadat has undoubtedly revived his popularity with the majority of his own people. But the frequent raised hopes which it may be dangerous to disappoint



ent Anwar Sadat, seated next to Mr Menachem Begin at a press conference before his departure from Jerusalem, repeats his call for an end to war.



Cairo women in the bargain basement of a department store. Improvised though the country is, newly-imported articles such as this cloth from France are eagerly sought.

## After the Russian wedding, West offers its arms

Henry Stanhope

gyptian Armed Forces stood at something of a crossroads after the War. War has started once towards one of the options. Reported American as that Israel could or even annihilate a of Syrian-Egyptian within a fortnight—ld be in a position to r the next five years uates the Arab l. This will remain, President Sadat's f an end to war rue.

isfaction in Cairo r Russian arm supva long-standing. It 1, partly from the clusal to furnish the

advanced, offensive weapons which Egypt craved, and partly from the privileged presence which Moscow's military advisers enjoyed in Cairo and elsewhere. It was always a marriage of convenience anyway, which finally broke down when both partners grew disenchanted over the benefits.

But the break, when it came, left Egypt's Armed Forces with Russian equipment for which no spares have been readily available. Moreover they have had to stand by while Israel has been resupplied, not only with the weapons which had been depleted in 1973 but with new, advanced systems from the United States.

President Sadat has therefore turned to the Western powers which, given Egypt's

increasingly capitalist economy, have now appeared to be more natural allies. With the United States bound irrevocably to Israel, it is the Western European powers like Britain, France and to some extent Italy, which are competing for Egypt's limited supplies of foreign exchange.

Vosper Thornycroft has already agreed to overhaul and update the Egyptian Navy's Russian-built missile boats, and the Hawker Siddeley side of British Aerospace together with Rolls-Royce are helping to refurbish the air force's MiG 21s. About £20m worth of Swiss fire anti-aircraft missiles have also been bought for the Egyptian Army. Meanwhile the French have recently sold Crotale anti-

aircraft missiles and two submarines more than 40 Mirage F1 fighters are on order.

These deals have been financed by the Saudi Arabians on a bilateral basis. But more ambitious is the scheme launched by the Arab Organization for Industrialization (AOI), Saudi Arabia, Qatar and the United Arab Emirates) to lay the foundations of an indigenous Arab arms industry, through a combination of Egyptian labour and petrodollars from the Gulf States.

A deal to this effect involving the Westland Lynx helicopter, which would then be made under licence in Egypt, could be signed soon as a result of a recent revival of Egyptian interest

in the project. Discussions on a similar arrangement over Swingfire are still continuing, while a third possibility embraces the production of a light strike/brainer aircraft—with the British Hawk and the Franco-German Alpha Jet competing for favours in Cairo.

It is in the interests of the Western powers to allow these deals to go through, for several reasons. One is purely economic and another is the promotion of good relations with the Arab world. But there is a third argument, too, which is that they should help ensure that President Sadat and his moderate policies remain in power.

The break with the Soviet Union was generally popular among the Egyptian popula-

tion who disliked Russian interference and who are more interested anyway in the perquisites of peace than the chance of grabbing back a few more acres of the Sinai desert or losing their lives and their livelihood on behalf of the Palestinians.

But there has also been some doubt among the Armed Forces. A number of officers, surveying the rusting, depleted weapons they are left with, have begun to wonder if their Government was not too precipitate in severing the links with Moscow.

It is in Western interests to ally these fears, and the Americans, too, have been content to let this happen.

It would be in nobody's interests for President Sadat with his moderate approach

to a Middle East solution, to be succeeded by someone more extreme who might lead the Egyptians back towards Moscow.

But neither Britain nor France is in a position to provide Egypt with a military option. The most they can do is to put Egypt's existing equipment back on the road and help towards the establishment of a home-based arms industry—for the manufacture of fairly simple, defensive systems. Not only is Britain unwilling to provide new front-line systems which might reawaken Egypt's military ambitions, but its industrial capacity is probably not large enough to enable it to do so anyway.

According to the Military Balance, published by the International Institute for

Strategic Studies, Egypt's Armed Forces now total 345,000 and are based upon three-year conscription. Of these, 300,000, including 75,000 in the Air Defence Command, belong to the Army. About 35,000 serve in the Air Force with its 300 combat aircraft including those which are short of spares.

Already 42 Anglo-French Gazelle helicopters and six British Sea King and Sea Commando helicopters in the aircraft inventory provide evidence of Sadat's new pro-Western policies. The 20,000-strong Navy, too, now has Sea Kings and British hovercraft among its more familiar collection of Soviet craft—and 30 Franco-Italian Otomat anti-ship missiles are on order.

This all adds up to a force which should be adequate to hold on to what Egypt has already won. This might not be so if Israel saw it to be in its interests to launch a sudden, devastating assault on Egyptian positions, but the likelihood of this would seem to be remote.

On the other hand it is not a force which looks capable of entertaining a military option, given Israel's present military strength. It is thus in the interests of the Armed Forces as much as President Sadat to work for a just and lasting peace in the region and the West wants to keep it that way.

The author is Defence Correspondent, The Times.

## Help from other Arab states staves off bankruptcy

Irew Lycett

However, with medium-term loans now maturing Egypt has to pay off about \$5,000m in foreign loans before 1978 is through. Although it is already re-scheduling some of the debts (notably those with communist countries), there is little possibility of Egypt coping with its repayment loans and \$650m ear-marked for a mixture of balance of payment support

half years with five years' grace, it is doubtful if Egypt will be able to make its first repayments in 1980 as is due.

GODE's remittances to Egypt have covered a wide range of financial transactions. The organization opened with a loan of \$250m, starting from January 1977, to assist with balance of payments. It underwrote a loan of \$250m put together by Chase Manhattan Bank in March 1977 to pay for commodity imports.

It provided a further \$1,475m in two parts—\$825m used to pay off short-term loans and \$650m earmarked for a mixture of balance of payment support

and project aid. Of this latter tranche, \$550m is supposed to be used to finance projects in industry, agriculture, housing, transport and communications, but it is unlikely to be spent that way.

It will probably be absorbed by the need for further short-term loan repayments. Remarkably little Arab aid has been directed towards development projects. Economists have tried to convince Arab governments that Egyptian economic development requires investment and services is required if Arabs are to benefit from commercial investment opportunities in Egypt.

Although Egyptian arrears have been at least \$16,000m in the Arab cause against Israel,

Arab financiers were at first unwilling to do much to create the conditions for secure investment in Egypt. They preferred quick monetary returns in other countries.

As they became aware of President Sadat's determination to come to terms with his financial difficulties, Arab governments did at last begin to assist him. Saudi Arabia this summer agreed to pay all Egypt's military costs until 1980.

After the riots of January, 1977, Arab governments promised not to call on their \$2,500m in demand deposits at the Central Bank of Egypt before at least 1980. But that assistance was in the form of

undemanding financial transactions. There was little commitment to development projects which need searching out and working through.

In spite of widely reported grants by Arab states to reconstruction and development in Egypt, the General Authority for Arab and Foreign Investments and Free Zones (GAIFIZ) disclosed in November that only \$705.3m had come through in development assistance from Arab countries. The Kuwait Fund for Arab Economic Development had contributed \$319m, the Arab Fund for Economic and Social Development \$188m, the Abu Dhabi Fund

for Arab Economic Development \$34m and the Saudi Development Fund \$223m to projects extending from Suez Canal widening to fertilizer factories, to water, sewerage and electricity projects, and to railways and telecommunications.

In addition, Arab governments such as Saudi Arabia and Abu Dhabi donated sums for the reconstruction of the Suez Canal region immediately after the 1973 war, and their generosity is remembered in the names Faisal City and Zayed City, suburbs of Suez and Ismailia.

If Arab states have been slow to provide development aid, they have been even slower in generating private

commercial investment. Some Arab private investment has been put to imaginative projects such as that of Mr Abdel Mohsen Khay, the Kuwait investor, who is now investing in a share with Tiber Metals Engineering of the United States in the Arab Aluminium Company, which produced its first commercial extrusions in October.

The United Arab Emirates-backed Ismailia Transport Company is contributing to the revitalization of the tourist business in Egypt. But on the whole, private Arab investment in Egypt has been slow to provide development aid, they have been even slower in generating private

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لدى مصر



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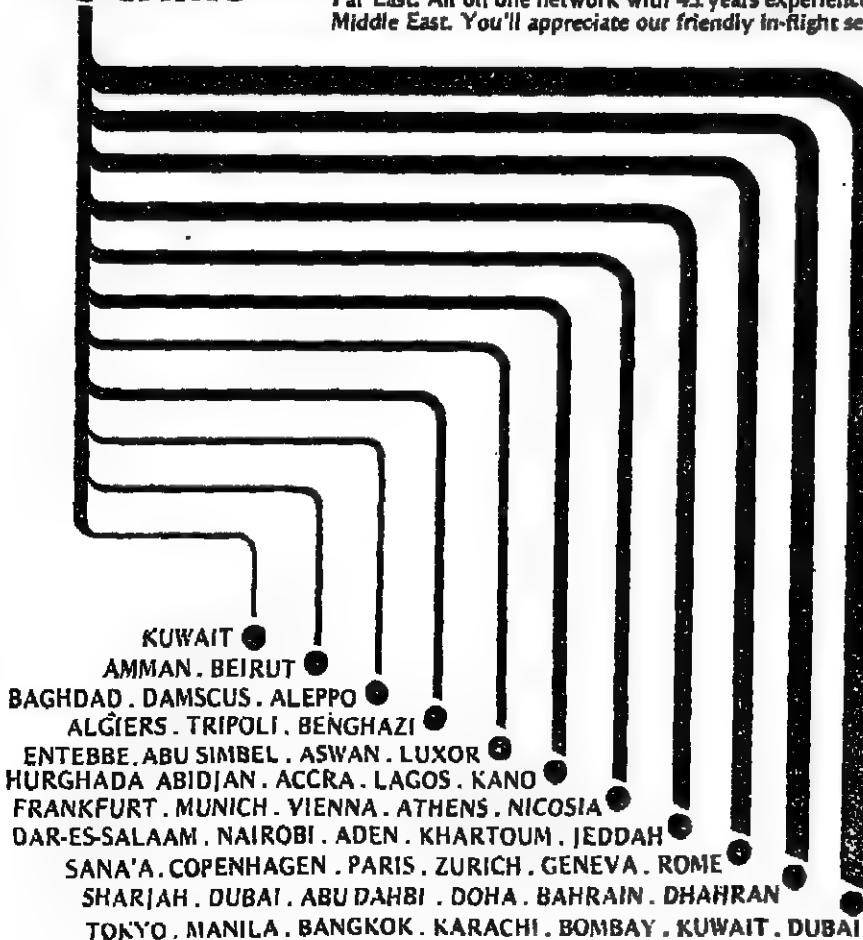
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## Increased opportunities in wake of strife

by Robert Mabro

The October War of 1973 marked the beginning of a distinct phase in the development of the Egyptian economy. New and challenging opportunities emerged because of the oil price revolution, the strengthening of political and economic links with rich Arab countries, the liberalisation of the economic system, and the reversal of Egypt's international alliances in favour of the United States and the West.

This new phase produced significant increases in foreign-exchange receipts. Egypt gained access to considerable sources of financial aid—Arab, Western and multilateral. The capacity to earn foreign exchange was also enhanced in a variety of ways.

The reopening of the Suez Canal after the signing of disengagement agreements with Israel is bringing much-needed revenue. The expansion of tourism, a spill-over of Arab wealth and a direct benefit of the opening-up policy, is making significant contribution to earnings from invisible exports.

The remittances of Egyptians working abroad are also growing at a high rate, not only because of the increased number of emigrants but also because of enhanced confidence in the liberal intentions of the regime. Finally, the higher oil price revolution has suddenly led to a significant appreciation of Egypt's hydrocarbon resources. The country, now emerging as a net exporter of crude petroleum, is in a position to benefit from high oil prices.

Since 1973 there have been

interesting opportunities for investment and increased production. There was growth of domestic demand for goods and services, potential growth of foreign demand for exports as well as opportunities arising from Egypt's location and wealth in human resources in the booming Middle East. The liberalisation of the economic system was a conscious move to encourage the domestic private sector and to mobilise Arab funds and Western technology for the development of the country.

Nevertheless, the achievements of the Egyptian economy after 1973 were extremely disappointing. It is now just as conventional to speak of the difficulties and insuperable economic hurdles faced by Egypt as it was in late 1973 and 1974 to speak of impending miracles and imminent economic take-off into sustained growth. The truth is that the exciting opportunities which alighted at a time when the development of the economy was faced with formidable obstacles, some old and familiar, difficulties inherited from the past, some new and unexpected problems transmitted by the world economy.

The Egyptian economy since 1973 was already burdened by a foreign debt accumulated over the years since the early 1960s. Economic performance was leaving much to be desired since 1964. The rate of economic growth, and more alarmingly, the rates of investment and of productivity growth achieved between 1964 and 1973 were very low; the balance of payments was consistently in

deficit; and a significant proportion of the industrial capacity was under-used. There was trouble with agriculture, too, as much of the investment effort was devoted at high costs and for low return to the reclamation of new land while the fertile old land was neglected. Low investment rates led to the deterioration of communications and services which were neither properly maintained nor expanded at a rate commensurate with demand.

Egypt entered the era after 1973 impoverished, burdened by debts and heavy defence commitments, and ill-equipped to take full advantage for its own development of the economic boom in the Middle East. Things were made worse by a sharp deterioration in the external terms of trade. The price index of raw agricultural imports rose from 100 in 1969-70 to 318 in 1974, and the country is a big importer of food grain, the basic staple of the urban population. The price index of cotton, the main export, rose to only 231 in the same period. Factors other than the terms of trade combined to produce huge deficits in the balance of payments on current account. Imports volume rather than domestic production increased in response to the growth in demand.

The Government, in order to remedy some of the basic imbalances of the economy, had to import larger quantities of intermediate and capital goods. The replenishment of stocks of food and intermediate goods, dangerously depleted in 1973, also called for increased imports. In 1975 the balance of payments

deficit on goods and services reached the unprecedented level of \$2,500m, equivalent to some 25 per cent of gnp. In many respects 1975 was perhaps the worst year of recent Egyptian economic history. The balance of payments, still very serious, showed signs of improvement in 1976 and 1977. The foreign debt also improved in the second half of 1977 as Egypt was then able to repay the large arrears that had accumulated in respect of short-term loans.

But this is no miracle. After the meeting held in Paris last May of the Consultative Group for Egypt, which brought together under the chairmanship of the World Bank all the main aid donors, the country received in hard cash, in roll-over of central bank to central bank deposits and in new credit lines something of the order of \$4,000m to \$5,000m. Those improvements are far from constituting a complete cure. The imbalances of the external account are likely to remain significant for many years and the burden of the foreign debt will continue to be felt and to constrain the economy well until the end of the 1980s.

Egypt's economic difficulties are to a large extent structural, which does not mean that the management of economic policy had no role to play. The new economic system is something of a hybrid which has retained some features of bureaucratic socialism and acquired the defects of capitalism rather than its expected merits.

Egypt will need much foreign aid for some years in

order to remove the structural imbalances that mar the economy. Ideally aid could provide a long breathing space during which far-reaching policy reforms would be implemented. The main policy issues are not the removal of government subsidies to consumer goods and some tinkering with exchange rates and import lists.

Policy reforms should begin with investment. In investment policy and public sector procedures for the selection of projects leave much to be desired. Funds have been allocated in the past to uneconomic projects which litter the industrial landscape. The same mistakes are being made in the new era.

The Government should take a hard look at agriculture and promote a revolution in methods of cultivation and in the crop mix. Egyptian agriculture still operates on a pattern introduced in the late nineteenth century: it served the country well but is now obsolete. The time has come for defining a post-independence policy and for evaluating the educational system for much-needed changes and reform.

Egypt has to face the long-term questions of its economic development. Perhaps the Middle East is perhaps an essential precondition and the recent initiatives of President Sadat may be partly explained by this context. But peace, necessary, is not sufficient alone for economic development. Much effort will have to be spent on the internal front.

The author is director, Middle East Centre, St. Antony's College, Oxford.

## Open-door policy shows up inequalities

by Edward Mortimer

No aspect of President Sadat's policies is more hotly debated in Egypt than the "open door" or "open up" of Egypt's economy to foreign capitalist investment. More than a mere policy, the *infithal* can be seen as the guiding philosophy of the regime and of the new Egypt that Mr Sadat would like to build.

Much of his criticism of the way Egypt was run under his predecessor boils down to the simple observation that Nasser's Egypt was a closed system which left little or no room for individual initiative in either the political or the economic spheres.

Egypt, he said in a speech to the People's Assembly on November 3, would never return to the Marxist socialism of the distribution of poverty. But he went on to admit that without a fair distribution of wealth the country would remain "a breeding ground of envy and hatred".

The trouble with this open-door policy in its present form, or at least in its present phase, is that it conspicuously brings great wealth to a few while at the same time, by fueling inflation, it aggravates the poverty of the many.

The door has been opened not only for foreign capital but for foreign goods. The Egyptian market has been flooded with western consumer goods which were hitherto not

available. Probably the quickest way to get rich in Egypt today is to have the agency for a major foreign producer of cars, speed boats, transistors, whisky, or even soft drinks, then invest the profits in property speculation and construction—a sector where the influx of "new money" from residents from the Gulf has driven rents and prices sky high. Investment in manufacturing industry offers a puny return by comparison.

Perhaps the most trenchant critic of the present economic policies is Dr Latif Abdul-Azim, editor of the economic weekly *Al-Ahram* (Iksadi). He has been involved in a public polemic with a group of economic experts in the Government, led by Dr Abdul-Moneim Kaisoury, deputy Prime Minister. In his view, the group has allowed its policies to be dominated by the short-term need for foreign exchange liquidity, instead of seeking solutions to the basic structural problems of the economy.

"We can't keep on using our 'open door' to import food," Dr Abdul-Azim says. "They are always making announcements about new loans, but never anything about production." In fact, Dr Kaisoury does also make announcements about foreign investment. For instance, he recently gave a figure of \$22,000m for the total capital of projects approved by the Egyptian Investment Authority as of June 30, 1977, since it was set up in April 1975.

This figure needs to be looked at rather carefully. Although Dr Kaisoury referred to it as "Arab and foreign investment", it appears to include the total capital of the projects in question, many of which involve Egyptian as well as foreign investors. Second, the fact that a project is approved by the authority does not mean that it automatically goes ahead. In the case of projects involving American investors, for instance, out of \$335m approved since 1975, only \$241m are so far in production.

It is hard to say as yet how much of this shortage of nearly 90 per cent simply reflects delays in getting projects off the ground, and how many have actually been abandoned. Some bankers with extensive Third World experience argue that in a country in Egypt's situation two years is a perfectly normal gap between pledging finance for a project and actually disbursing it.

Another point about Dr Kaisoury's figures is that roughly half of them are accounted for by banks rather than directly productive investment, and so far foreign banks have been

much more active in financing the import boom than in industrial projects. But the bankers themselves argue that they have provided valuable competition for the public sector banks, and have also been instrumental in persuading their parent banking organisations to set higher limits on loans for Egyptians projects.

It is certainly true that many projects are subject to delays, but it is also true that many of these delays are of a type to discourage the investor. Most observers agree that the open-door policy has not yet produced the results that the regime hoped for, and cite two main reasons why. The first is the lack of basic services, not only physical but psychological. On the physical side, after 30 years of war and 20 years of mismanaged "Arab socialism", Egypt is completely run down.

The state of the telecommunications network is a ridiculous joke that residents of Cairo have long ceased to find funny. Transport is no better, power cuts are an everyday occurrence and industrial sites offered usually turn out to be beyond the reach of essential services, including water.

Psychologically, the trouble comes partly from an over-stuffed bureaucracy trained in the idea that foreign investment is a bad thing and unable to adjust to the new philosophy. But this bureaucracy is also underpaid, and apparently irrational delays in getting

things done can often be traced to the time-honoured and highly rational method of *baksheesh*.

The second factor that deters foreign investors is political uncertainty—the fear of either another war with Israel or a political revolution leading to a reversal of the open-door policy and a freezing of foreign assets. President Sadat is well aware of this, and his visit to Israel may have been intended to demonstrate not only his determination to reach a peaceful settlement with Israel but also his regime's ability to survive one.

On the more technical level, the regime has moved this year to remedy some of the defects which investors had discovered in the original Law 43 on foreign investment passed in 1974. An amending Law 32 of 1977 allows Egyptian currency to be hoarded for investment in the "parallel" rate of \$1.45 to the EE instead of the official rate of \$2.56, and removes the requirement that "inland" projects (as well as those in the free zones) should cover a certain percentage of their foreign exchange needs through exports.

This is important because many foreign observers believe that the Government's main mistake so far has been its obsession with exports and foreign currency earnings, whereas the unique attraction of Egypt for foreign investors is its domestic market of 40 million people.

## Living with the worst phone service

by Alan Mackie

There is a story told that when the West German Bundespost was called in to look at Cairo's telephone system, they found the whole network dependent on two 42-year-old switches that could go at any instant. This fitting story illustrates the parlous state of Cairo's telephone system, which has earned the Egyptian capital the dubious description of being probably the worst city in which to operate in the world.

The resident who has seen the telephone service deteriorate gradually has a different perspective. He comes sometimes to his office in Cairo by his own "telephone"—an errand boy. But in a city with such a widely scattered business community, this is not always practicable. Those living in the outskirts of Heliopolis, a two-hour journey from the centre of the city in the rush hour, use the telex to communicate within the city, if they are fortunate enough to have one. And sometimes that breaks down.

The worst period was probably during the summer when all but eight of the airport's 58 lines were put out of action and whole sectors of the town were without a telephone at all.

Now the telephone works in some areas and should improve in others as a new cable system being laid by the West German company, AEG Telefunken, begins to make an impact. Raytheon

of the United States is installing a \$10m digital microwave system, which will quadruple present line capacity when it becomes operational next year. By the end of December, new earth satellite stations will be opened, supplementing existing international telecommunication links a direct link between Alexandria and Beirut was opened earlier this year.

The effects of the \$90m Egypt will be spending on telecommunications this year—French, Japanese and British companies are involved in telephone renovation as well as the companies already mentioned—will not be felt until the second half of next year. Then, central Cairo will have a usable telephone system.

But this will only be the start. As other exchanges in outer Cairo are renovated, tenders for \$140m worth of contracts will be invited which will not only modernize Egypt's telephone system, but will treble the existing 350,000 telephone lines in the next 10 years.

The contracts in question will include telephone cables, PABXs, telephone cables, manual switchboards, 1,500 teleprinters, earth satellite stations for an Arab satellite system, and computer controlled message transmission telegraph centres.

Breaking the telephone log-jam in central Cairo will have an immediate effect on the whole communications system. Being able to use the telephone will remove the necessity to make many

journeys, thus relieving some of the pressure on the roads, which in Cairo are badly overloaded.

Attempts are being made to improve traffic flows, but improvements are offset by the steadily increasing number of vehicles on the roads. In turn, more buses and taxis on the streets are not sufficient to meet the increasing demand.

It is becoming increasingly clear that it is impossible to tackle Cairo's communications problem without some form of demographic policy which will relieve and eventually halt the flow of people to the capital.

Plans drawn up for Metro system

This human pressure on Cairo's limited resources must make the French Metro scheme more attractive. Plans for a two-line Metro have been drawn up by the Société Française d'Etudes et de Réalisations de Transports Urbains (Sofretu). However, 180 million francs of the 550 million francs needed for the first phase development of the first line has yet to be found.

The national railway system is to have a large cash injection—\$57m has been allocated to renovating rolling stock, installing new signalling and doubling railway

track. New railway lines are envisaged for the Delta, as well as a link eventually between Aswan and Wadi Halfa in Sudan. A further \$29m is being spent on improving the Merwah-Matruh-Alexandria line. This could eventually become the Egyptian leg of a trans North Africa railway line.

Transmark, the consultancy wing of British Rail, has recently won a contract to advise on reorganizing the railway. British Rail engineers will take an inventory of traction and rolling stock which will relieve and eventually halt the flow of people to the capital.

Egypt's road network is in reasonably good condition. Major developments planned include paving the 210 km road to the Western Desert oases of al-Farafara and al-Bahariya where underground water has recently been found. There are also plans to build a \$175m road linking Egypt and Sudan for completion in six years.

There is also a project to develop port capacity. The most important and immediate is one to develop the port of Alexandria where congestion is such that there are about 80 ships waiting outside the harbour to unload. The World Bank is participating in a \$150m scheme to raise the port's capacity to 15 million tons of goods and seven million tons of oil a year by 1980.

There is also an ambitious plan to build a new port complex at Port Said which will raise its capacity to three million tons by 1980 and 10 million tons a year by the year 2000. Another port is planned at Damietta to serve the fruit and vegetable-growing hinterland of the Delta. Egypt hopes to take advantage of easy shipping credits to build a fleet of 65 vessels by 1981.

Air transport is going through a major transformation. A great deal has been done (as it has in the port) to reduce customs and immigration formalities at Cairo airport. In progress is a \$25m building improvement scheme for the airport which includes building strengthened runways to take wide-bodied aircraft.

When the new passenger terminal building is completed in 1985, the airport's handling capacity will have doubled to 10 million passengers a year. Tenders for a new computerized radio control system for the airport are being invited.

Included in the development plans is a new \$30m airport to be built 30 km west of Alexandria, and enlarging Aswan and Luxor airports to take international traffic.

Egypt's airline, Egypt Air, is making good profits, and is constantly enlarging its fleet. There are believed to be plans to buy Boeing 747 jumbo jets. It plays a leading role in the Arab Carriers Organization, an official Arab airlines organization, and in its development projects.

The author is on the staff of the Middle East Economic Digest.

هكذا من الاصل



# Our ancient ambassadors would be proud of us.

Five years ago London saw what was to prove to be one of the most exciting and popular exhibitions ever staged in Europe.

Displayed in the British Museum, the treasures of Tutankhamun were to stimulate the imaginations of all who saw the exhibition. An interest in Egypt, dormant in the minds of countless men, women and children, was stirred by the breathtaking beauty of the boy King's golden mask, and the fabulous wealth of riches embodied in the artefacts recovered from his tomb.

In all, over one-and-a-half million people queued to see Tutankhamun in London. At any one time there might be a wait of as much as eight hours before visitors could gain admission to the Museum. Even on the very last day of the exhibition's phenomenal and unprecedented run, people were still hoping to gain admission, only to be turned away as the doors closed for the last time.

Now such scenes are anticipated in cities throughout the United States of America. In Washington DC, where the exhibition's tour began, it has been as popular as it was in London. And, in New York, where the Metropolitan Museum of Art published a specially commissioned illustrated volume priced at \$35.00, Tutankhamun so caught the public's imagination that the first edition of the book was sold out in a matter of weeks.

Thus, the first of Egypt's 'ancient ambassadors' has done much to rekindle interest in a country whose history goes back to a time when, over 3,000 years before the birth of Christ, Egypt, under the rule of the mighty Pharaohs, gave the world a culture and civilisation which has seldom been matched for its achievements and its grandeur.

## An ambassador for the future

Today, while the memory of Tutankhamun still lingers on in Europe, fostered by the boy King's enchanting good looks and the fascinating tragedy of his all-too-short life, a second 'ancient ambassador' is abroad, maintaining interest in a land which, while mindful of its past, now looks forward to its future.

Rameses II, whose treasures have been on display in Paris, was one of the last great warrior Pharaohs of Egypt. A man of immense energy, he was the author of the plans to build the magnificent temples at Abu Simbel. Now moved to a new site, beyond the reach of the rising waters of the Nile as they gather and fill behind the Aswan High Dam, the temples stand as testimony to a culture and a way of life which, for centuries, has been an example to the world.

## Growth for the next decade

In the last few years, Egypt has begun to re-build again.

The Government has been pursuing an 'open-door' policy designed to rehabilitate the country's economy and re-establish the country's wealth following the events of 1973. At the same time, positive initiatives have been, and are being, made by President Sadat and his Government towards the positive realisation of permanent peace, based on justice, in the Middle East.

This 'open-door' policy aims to encourage foreign investment in Egyptian-based projects with a view to augmenting the efforts being made on a domestic level.

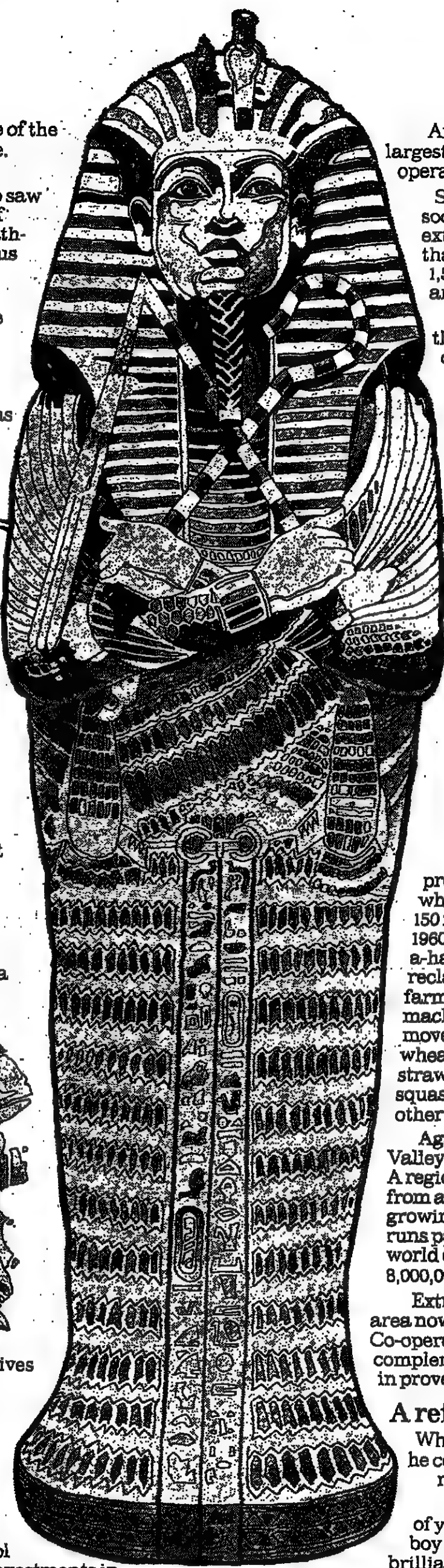
Where once much of Egypt's industry was in public ownership, a system of management by objectives and results is slowly being introduced as more and more industrial control passes into the hands of individual companies. Free to make investments in renovation and modernisation, companies are also being given the power to determine their own levels of production, and their own prices. In the agricultural sector, producer prices are being brought more closely into line with international prices, at levels which provide incentives and rewards for farmers.

Similarly, various projects are under way to deepen and widen the Suez Canal with a view to increasing Egypt's involvement with world trade. At the same time, work is in progress to construct tunnels under the Canal to make a closer link between the Nile Valley and Sinai, in order to achieve the rehabilitation of the Egyptian Peninsular.

These moves are seen as essential to Egypt's long-term growth. They represent a firm step in the right direction, a move towards achieving a progressive growth pattern stemming from Egypt's own efforts as well as from the introduction of foreign investment encouraged by the 'open-door' policy.

## New projects under way

Industry is the strong backbone supporting the national economy. It is the sector most capable of meeting the greatest aspirations for social and economic development.



Among the new industrial projects initiated recently, one of the largest is the aluminium complex at Nag Hammady. It began operating in April 1977, producing 100,000 tons per annum.

Similarly, as part of the integrated plan for economic and social development, a substantial investment is being made to extend the scope of Egypt's iron and steel industry. It is estimated that the total production of the iron and steel consortia will reach 1,558 million tons when current developments are completed.

Other projects in hand include the exploitation of the Baharia oasis and the expansion of the country's lime-stone quarries and dolomite industry.

Many other projects await implementation, all of which will contribute to the breadth and scope of Egyptian industry, to the benefit of the country's people and her national economy.

## Making the desert bloom

Egyptian farmers were among the first to practice organised agriculture. Through the ages this expertise and knowledge has been developed, nurtured as it is by the natural gifts of an equable climate and the life-giving waters and fertile soil of the Nile Valley.

Now Egypt is transforming barren desert into productive farmland. The rock-strewn, dry, sandy areas of the Western desert, once fertile and productive, are again becoming lush, green fields. The desert is being given new life. Numerous reclamation projects are in hand to prepare the neglected land for cultivation, production and permanent residence.

The most exciting of these projects is at Tahrir Province where water was discovered 150 feet beneath the Sahara. Between 1960 and 1969 alone, nearly one-and-a-half million acres of land were reclaimed. Families and experienced farmers, backed by modern machinery and scientific expertise, moved into the area, and now raise wheat, beans, sugar cane, lettuce, strawberries, citrus fruits, radishes, squash, beets, corn, barley, artichokes and other crops.

Again in the Western desert, 100 miles from Luxor and the Valley of the Kings, another reclamation project is taking place. A region that has seen rain only once in 100 years is being converted from an infertile crescent of unproductive wasteland into a food-growing area of several millions of acres. This 'New Valley', which runs parallel to the Nile, was one of the most fertile areas of the world during the time of the Pharaohs. It was once inhabited by 8,000,000 people.

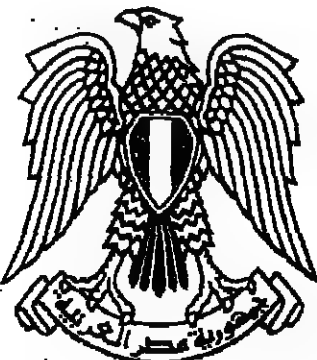
Extremely rich in natural fertilizers, the soil in this reclaimed area now produces crops of rice, corn, barley and alfalfa. Co-operative farming, cattle and fish breeding programmes complement plans to develop industries in an 8,000,000 acre area rich in proven reserves of gold, iron, phosphates and coal.

## A reflection of history

When, in 1922, Lord Carnarvon asked Howard Carter what it was he could see as he peered into Tutankhamun's tomb, Carter replied: 'Wonderful things. I can see wonderful things'.

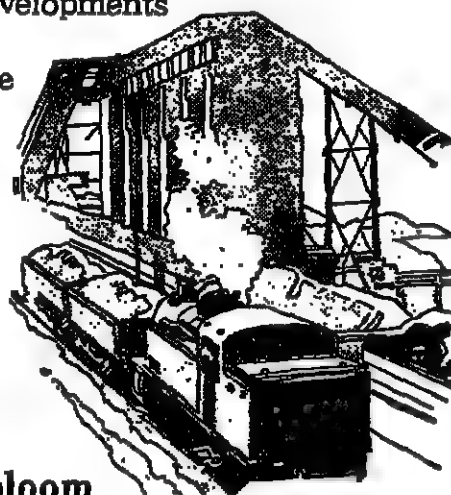
Today, fifty-five years after their discovery and thousands of years since they were made, the 'wonderful things' from the boy King's tomb are still a fascination to the world. Their brilliantly executed craftsmanship and design alone belie their age, giving evidence of Egypt's majestic achievements as a nation in the forefront of almost every aspect of cultural, political and economic thought.

And, as the patterns of world trade change, as the features of the earth's face alter with each passing generation, the treasures of Tutankhamun and Rameses II remain immutable as 'ancient ambassadors' for a country which, with its forward-looking outlook and strong sense of purpose, is committed to a programme of growth and development the Pharaohs would be proud of.



# ARAB REPUBLIC OF EGYPT

State Information Service  
Further information from:  
Press & Information Office, Egyptian Embassy,  
26 South Street, London, W1







Young fellahin from overcrowded rural areas working on an olive-growing project in a desert region.

by Andrew Lycett

Egypt is not feeding itself. In 1975 it was only 73 per cent self-sufficient in food, and that figure is falling. In 1977 its agricultural exports were estimated at \$1,200m (80 per cent from cotton) while its agricultural imports will top \$1,800m, leaving a considerable deficit which will not be covered by textiles, leather or other secondary products.

Last year Egypt needed to import four million tons of wheat to supplement its own production of two million tons. Yet the Government is not particularly worried. It appears to have convinced itself that a certain amount of reliance on cheap foreign staples is not a bad policy, particularly if these are financed on concessionary terms as is American PL 480 wheat.

What if it accepted that

it is not going to reclaim much more land? What if it stopped trying to plant more unsuitable cereals? What if it used the advantages of its magnificent natural conditions and sought to grow more cash crops, particularly fruit and vegetables? It could then generate profit and foreign exchange to pay for the requisite staple foods.

This is the unspoken rationale at the heart of President Sadat's plea for a 30-month food security programme. The President used the occasion of the twenty-fifth anniversary of agrarian reform to call for self-sufficiency in fruit, vegetables, meat and dairy products by 1980. He also said that Egypt should become a net food exporter.

As an earnest of his intentions he appointed a relative by marriage, Osman Ahmed Osman, to investigate the possibilities of developing the

Suez Canal hinterland as a vegetable and fruit producing area. The President also spoke of similar possibilities in Fayed, Sinai, the New Valley, and along the north western coast. To cap it all, he indicated that eight joint venture agro-industrial projects worth \$287m were to start, ranging from a 50,000 acre Franco-Egyptian sugar project at Kafr el Sheikh to a Saudi-Egyptian fruit and vegetable export business.

How feasible is such a food security plan, with its attendant agro-industrial projects? The story of the cotton industry, which earns 80 per cent of Egypt's foreign exchange, would indicate a positive reply.

So would the combination of Egypt's fertile soil and year-round sunshine and water. The elements have been so kind to Egyptian farmers that output from the country's six million acres has been increased consider-

ably through double cropping.

But this is as far as a rosy assessment of the situation can go. Egyptian agriculture is really in decline, with static land area and falling crop yields. Production of fruit for export may be a useful source of revenue in addition to existing production of staples, but it is no substitute for radical reform of agriculture.

Agriculture has suffered recently partly because it has been the one section of the economy with enough fat to be squeezed in times of financial scarcity. Consequently the share of national investment budget dropped progressively to a mere 5 per cent in 1975 (and this for an activity which employs half the nation's workforce).

In Nasser's days massive funds were invested in heavy industry. Not surprisingly Egyptian peasants flocked to

cities where jobs were supposedly being generated. The towns extended and valuable agricultural land was taken up, often by state industries. About 25,000 acres are lost each year to urban sprawl.

If an equivalent amount of land is reclaimed each year, as independent experts believe, then Egypt is simply marking time, trying to feed one million extra mouths each year on a static acreage. Government officials claim, however, that close on a million acres has been reclaimed in the past two decades. They say this reclaimed acreage will allow expansion of both population and agriculture in the future.

Their estimates are high: a more realistic figure for reclaimed land is 300,000 acres. Further reclamation is reliably reported to be prohibitively expensive. Whereas 300,000 acres have been reclaimed back from the desert and Nile Delta at a

cost of \$700 an acre, financial outlay on extra territory is estimated at \$2,000 an acre.

No private company is likely to invest in agriculture if it needs to find investment money. The United States Agricultural Council has already balked at the cost of establishing joint ventures in Egypt. Massive amounts of government aid are necessary if reclamation is to be viable.

Meanwhile established farming is languishing under the various constraints of poor basic services, inefficient bureaucracy and, surprisingly, too much water. Egyptian agriculture has recently been highly centralized, with the Government first defining the ratios of crops to be planted by peasants, and then buying up these crops at artificially low prices.

The Ministry of Agriculture has benefited from being able to sell profitably on world markets. The peasant has suffered from precious little capital to invest and has consequently resorted to growing black market crops (his growing of fruit and vegetables anticipates official action). Those resources he has had at his command he has over-used. When the Aswan Dam brought plentiful year-round water to Egyptian farming, peasants responded by over-watering. This practice raised the water table to dangerous levels, and helped to remove valuable salts from the soil. The World Bank has had

to step in rapidly and finance massive schemes in the Delta. Now the Government proposes to modernize agriculture, bringing in and foreign capital in the kind of project passed by President Sadat. The Ministry of Agriculture believes Egypt has been back by its inefficient sector which, according to its estimates, consumes produce from one to the country's planted acre. The solution, Ministry says, is mechanizing and rationalizing.

However, it is able to large-scale intensive agriculture answer for Egypt's stage. Basic service marketing facilities are improved first. It is producing expensive beans, for instance, for instance, perish before they reach Cairo.

Similarly, increased stock production is particularly viable for a population, the way whom eat meat only year. Anyway, some now believe the diet of beans is as meat. Happily, with its focus on agriculture, the Government is pointing the way to a sort of decentralization decision making. The peasant has been a phenomenal success. There is no reason given non-interference modicum of rural he could not be so

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## Births of a nation defy easy answers

Professor Alex Moeller, President Sadat's special economic adviser, is the latest person to draw attention to Egypt's need for a positive family planning policy.

In his recent report on the Egyptian economy, the professor states that even if Egypt's current family planning measures are successful, the country will still have to find employment for five million additional people by 1990 and about 10 million by the year 2000. An "effective employment policy" and educational reform oriented "towards the need of the productive sector" are therefore called for.

Indeed, without the will to cope with a wide range of problems caused by explosive population growth, it is difficult to see how any of Egypt's careful plans for economic development can be successful.

First returns from the November, 1976, census paint a bleak picture of an Egyptian population of 38,200,000 growing at a rate of 2.4 per cent, or more than a million a year. At this rate of increase, the number of Egyptians will have doubled by the year 2000.

Even if the Population and Family Planning Board (PFPB) were to keep to its official policy of reducing population growth rate to 1.1 per cent by 1982 (and it has been remarkably unsuccessful so far), there would still be 35 million Egyptians in 2000, all of them crammed into 4 per cent of Egypt's total land area, giving the country already a ratio of people to land twice that of the Netherlands which has Europe's highest population density.

How is Egypt to provide food, schooling, social services and work for all these people? The solution will be difficult because of substantial inability to determine whether Egypt is a developing country demanding radical solutions to its problems or merely a large market, with a stable population, on the fringes of Europe waiting little to achieve economic development.

These divergences mean that Egypt's family planning strategists have been unable to decide whether population "consciousness" results from industrialization and education, as in Western countries, or whether economic development comes only in the wake of far-reaching population programmes.

The dilemma becomes a political and economic one. Should economic planners go for capital or labour intensive policies? After the October war of 1973, Egypt chose capitalistic development and population experts then believed that a declining birth rate would surely follow economic development.

Today opinion is different. The Minister of Health, Dr Ibrahim Badran, obviously feels it is time to put a stop to Egypt's previously vacillating policy on family planning. This year for the first time the ministry's family planning service ceased to be a one-man operation. The service has been upgraded enough to warrant a director-general with seven supervisory departments under him.

But this move has to be seen in the context of previous attempts to motivate a policy. Nominally there has been a national commitment to population control since November, 1963, when the Supreme Council for Population and Family Planning (SCPPF) was established. In 1971-72 the Supreme Council formulated a 10-year plan which, starting in 1973, sought to reduce the rate of population

growth to 1.1 per cent. In the next two years, however, it became clear that the plan was not working. Rate of population growth was double that projected.

The causes for this were not hard to find. Poor training and unrealistic terms of service ensured that doctors at the Ministry of Health's 3,000 medical centres and units had little commitment to their job. As late as this year medical courses in one Cairo university were being treated to one hour's advice on family planning in seven years' professional training. Doctors were paid E£1, to insert an intrauterine device. But financial incentives meant that they were concerned only to supply the maximum number of contraceptives without bothering to give follow-up advice to their patients.

Inevitably there were complications, which the doctors were unable to deal with. Peasants, previously in favour of trying out family planning, turned against it and were encouraged to do so by religious leaders. All problems were exacerbated by the usual Egyptian departmental difficulties. The result was that later on, national agencies such as UNICEF decided it was wast-

ing its money on family planning programmes, and chose to concentrate its resources on vaccination and mother and child health projects, in which returns were more apparent.

The failure of an isolated family planning programme has caused the Egyptian Government to make a more integrated approach to the problem in its crucial five-year development plan (1976-80). Twenty-six per cent of the planned total investment is being allocated to rural areas. A sum of E£3,624m will be spent on improving communications, housing, agriculture, health and education in the countryside. This should help family planning services reach the peasantry. At the same time education is slowly being restructured to produce skilled technicians suitable for a developing country rather than barely educated university graduates who are guaranteed government employment by virtue of their degrees. This year for the first time environmental studies, including some discussion of family planning, were introduced into the school curriculum.

But curriculum revision takes a long time in Egypt, so it is doubtful whether the youthful population (31.6 per cent were under the age of 12 in 1976) will reap the benefits. Indeed they are likely to end up unemployed as the five-year plan envisages creation of jobs for only 1,200,000 people.

The Government hopes to cater for these masses through a back-up and immediately formulated policy of population dispersal. Hardly a speech from the President passes without reference to massive successes in land reclamation and redistribution. The Government hopes to help the movement of landless peasants on to this allegedly reclaimed land, as in the new valley where a million people will eventually be resettled.

Emigration to Arab countries will also help to take up the excess population. But there is nothing to compare with an aggressively executed family planning programme integrating the plans of various ministries to deal with the expanding population.

It is just possible that such a policy is beginning to emerge, but it still needs more positive commitment from the highest authorities.

A. L.

## Tourism a casualty of war

by Atef Sultan

Despite Egypt's unrivalled opportunities, its tourist resources are still largely untapped. In recent years, the country has taken a meagre 0.25 per cent of the world's tourist traffic and less than 0.5 per cent of world tourist spending.

Last year the number of Egypt's visitors was up by nearly 25 per cent, but totalled only slightly less than one million. Visitors spent 6,796,080 nights and brought in an income of E£176m (£145m at the tourist exchange rate). While income from tourism rose by 60 per cent in 1976, it still represents only a small fraction of the \$2,000m earned by Britain and is dwarfed by the \$4,000m spent by tourists in Spain.

Egypt's inability to attract mass tourism is not only due to the serious lack of adequate facilities but also to three decades of Middle East political instability and wars that have spoilt the prospect for a flourishing industry.

The 1967 Arab-Israeli war, for example, had reduced the number of tourists visiting Egypt by 40 per cent to 145,000 in that year and by another 7 per cent in the following year. It was only eight years after the war that even the 1966 modest figure was recovered and the number of tourists began to show some appreciable increases. But this is not all. The number of tourist nights spent in Egypt in 1976 was still 65,000 short of the early 1960s average.

The devastation of the Lebanese tourist industry, a major Arab favourite before the civil war, has opened up new markets in Egypt. Visitors from rich Arab states have increased steadily and with Egypt's new open door policy, the influx could grow faster. Arab visitors created by 22 per cent to 534,531 in 1976, from the previous year. But what is more important is that Arab visitors tend to stay longer than Europeans or Americans. Although they account for 45 per cent of all visitors, the Arabs' share of nights spent in Egypt is more than 50 per cent.

But Egypt's tourist market is not only serious changes in the Middle East political (and military) climate but also to Egypt's relations with other Arab states. The two biggest sources of tourists have recently been Saudi Arabia and Libya, followed by the United States which is now taking a rapidly increasing share.

Although Libyan visitors were outnumbered by Saudis in 1976, Libyans spent 682,512 nights, 10,440 more than the Egyptians. But with relations continuously deteriorating, fewer Libyan visitors now go to Egypt. This has already been reflected by a 13 per cent drop in tourist nights spent in Egypt in May this year, compared with last year's figure. And in the first five months of 1977 visitors totalled 281,233, down from 298,000 in 1976.

In the early 1960s Egyptian tourists often abroad took some pleasure in advertising what was then "the world's cheapest country" as it was then described by the United Nations. Now, this is no longer true. While it still costs less than £5 for a first-class rail round trip between Cairo and Alexandria, Cairo's hotel charges are generally as high as those of more expensive West European capitals.

First-class chain hotels now charge up to E£35 a night a person while less luxurious ones still charge up to E£20. A bottle of whisky fetches E£30 while a single glass costs a remarkable E£6.50.

Now Egypt has been opened once again to foreign investors, many businessmen, bankers, consultants and politicians are flocking into Cairo. The pressure on hotel accommodation in the capital has been so acute that booking a room in one of the city's six luxury hotels can take up to three months. Even then you may arrive there to be told that your reservation has been lost.

By 1980 Egypt hopes to have increased the number of hotel rooms from 21,000

to about 65,000 and to boost tourist revenue to E£500m a year.

Cairo's hotel developments include an 842-room International Hotel on the site of the famous Semiramis Hotel on the Nile, a 2,200-bed hotel, Marriott Palace, on the fashionable Zamalek island and a British-built 500-room El-Salam Hotel, described as "the most luxurious hotel and comprehensive leisure facility in the Middle East". Cairo's oldest chain hotel, the Nile Hilton, is putting up a 400-bed extension and a second Hilton is planned. But Egypt's most ambitious tourist development is the Pyramids Plateau complex in Giza by the great Pyramids and another complex at the coastal resort of Ras el-Helwan, west of Alexandria.

The 10,000-acre Pyramid Plateau, to be developed by a Hongkong firm, Southern Pacific Properties and the Egyptian General Company for Tourism, will have 10,000 beds, 5,800 villas, 5,100 blocks of flats, parks, artificial lakes, golf courses and even a giant glass pyramid for a museum and archaeological centre.

But Egyptian tourist experts, who now estimate that the country is not likely to attract more than 1,700,000 visitors by 1980, are questioning the economic viability of such vast and expensive projects. They are worried there may not be enough visitors who would be prepared for the high rates to be charged by such luxury developments.

Alexandria Port Authority  
106 Gamal Abdel Nasser Avenue,  
Alexandria, Egypt

## International adjudication for the delivery of iron materials FOR THE CONSTRUCTION OF 50 BARGES FOR STEVEDORING Co.

Alexandria Port Authority announces in an international adjudication the delivery of the iron materials for the construction of 50 barges for Stevedoring Co.

Tender documents can be obtained from the administration of A.P.A. at the above mentioned address for \$25 (twenty-five dollars) for each copy. Offers to be submitted in the name of the chairman, A.P.A. Closing date and opening of envelopes will be at 12 o'clock on 22 December, 1977, at the above mentioned address.

ALEXANDRIA PORT AUTHORITY  
106 GAMAL ABDEL NASSER AVENUE,  
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# Significant change in cargoes along the canal

by Denis Taylor

A Japanese dredger is working in the Suez Canal yards from the relics of the Bar Lev Line, the reputedly impenetrable Israeli defence system through which the Egyptian army broke during the Yom Kippur war in October 1973.

President Sadat's family residence is on the opposite bank. It was from this canal town that he began his journey to Jerusalem last month. The greenery of Ismailia is in sharp contrast to the bleak, treeless wastes of Sinai, a giant's hop, skip and jump across the 173km waterway.

For eight years from the six-day war until June, 1975, the canal was out of action. Now work is going ahead to widen and deepen it so that it can hope to attract more of the potential trade between east of Suez and the Western world, and the Japanese are heavily engaged in the undertaking.

Not only has the Japanese company, Penta Ocean, contracted to dredge large sections of the southern and middle sections of the Suez Canal, but the Tokyo Government has provided a loan of \$140m. A loan of \$83m is expected to be signed this month with the Japanese Authority for Cooperation and Development.

The cost of the first stage of development, due to be completed in 1980, is estimated at \$1,200m, of which more than \$600m would be in foreign currency.

The World Bank, the second biggest participant, has agreed to a loan of \$100m. Other sources of finance include the Saudi, Abu Dhabi and Kuwait development funds, the Arab Fund for Economic Development and the Islamic Bank.

The American Government has offered \$50m worth of equipment and spare parts. Contracts for dredgers, tugs, barges, floating cranes and part of an electronic traffic control system have been won by Japanese, West German, French and Dutch firms.

French and Italian crews are also dredging. An Egyptian official smiled as he pointed out that foreign companies were working on the rocky bottom at the southern section while his compatriots were doing the work on the softer stretch towards Port Said and also onshore.

Both the number of vessels and the total tonnage is still below the average for 1967. "We have about 90 per cent of the pre-1967 tonnage," Mr Mashhour Ahmed Mashhour, chairman of the Suez Canal Authority, said. "The reason is that more than 70 per cent of the tonnage used to be tankers."

The significant change had been in cargoes other than oil. Out of a daily traffic of about 600,000 net tons, 400,000 were now in non-oil shipments. The international waterway had been reopened when the outlook for the world demand for oil, after the quadrupling of prices by the Opec countries and the spread of recession, was hardly at its most buoyant.

Furthermore, the canal was inadequate for the new generation of tankers. Those of up to 250,000 tons are allowed transit in ballast and those of up to 150,000 tons when partially loaded, but fully loaded tankers are restricted to those between about 60,000 and 70,000 tons.

Mr Mashhour hopes for improved tanker traffic as a result of improvements in the canal's capacity. But he still sees shipments of other cargoes, including containers,

growing at a much greater rate. He defined the strategy as "to achieve the maximum tonnage" by keeping dues at a moderate level to help to do so. The daily income from dues is now running at about \$12m.

As well as deepening, widening and straightening sections of the Suez Canal, the first stage of development will see the addition of about 26km of by-passes, at the Mediterranean end allowing larger vessels to avoid the harbour at Port Said, and across Lake Timsah, and the Great Bitter Lake (the Deversoir by-pass).

The volume of dredging to be done in the first stage is put at 500 million cu metres, a quarter of which will be carried out by the canal authority. When that stage is finished, tankers of 150,000 tons will be able to transit fully loaded, those up to 250,000 tons partially loaded and up to 400,000 tons in ballast.

The second stage is expected to take about three years and to cost \$800m. Dredging will allow the authority to handle 260,000-ton tankers transiting fully loaded, 300,000 tons partially loaded and 500,000 tons or over in ballast. The aim is finally to double the capacity of the Suez Canal by having a two-way system in operation by the end of the century.

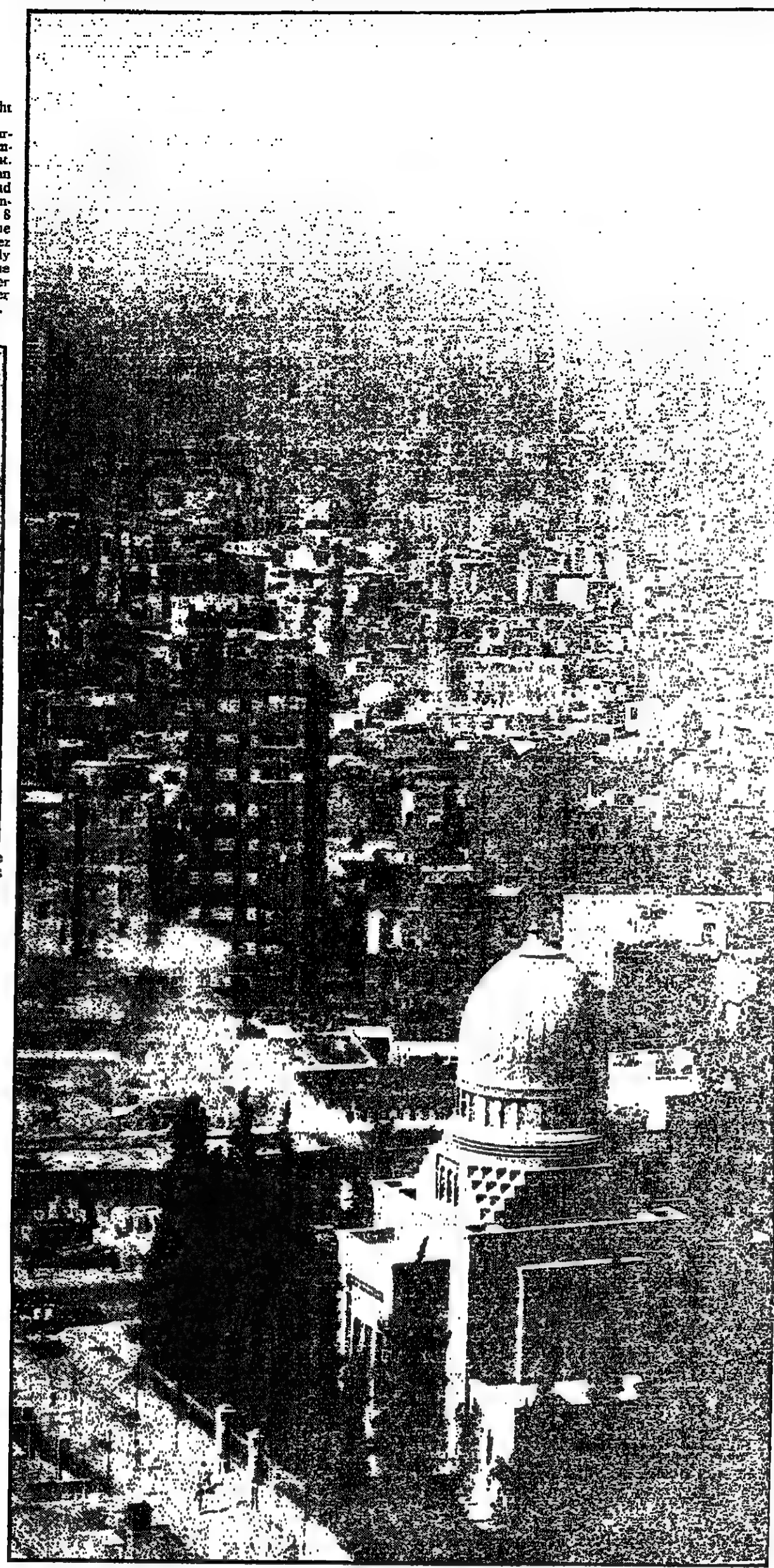
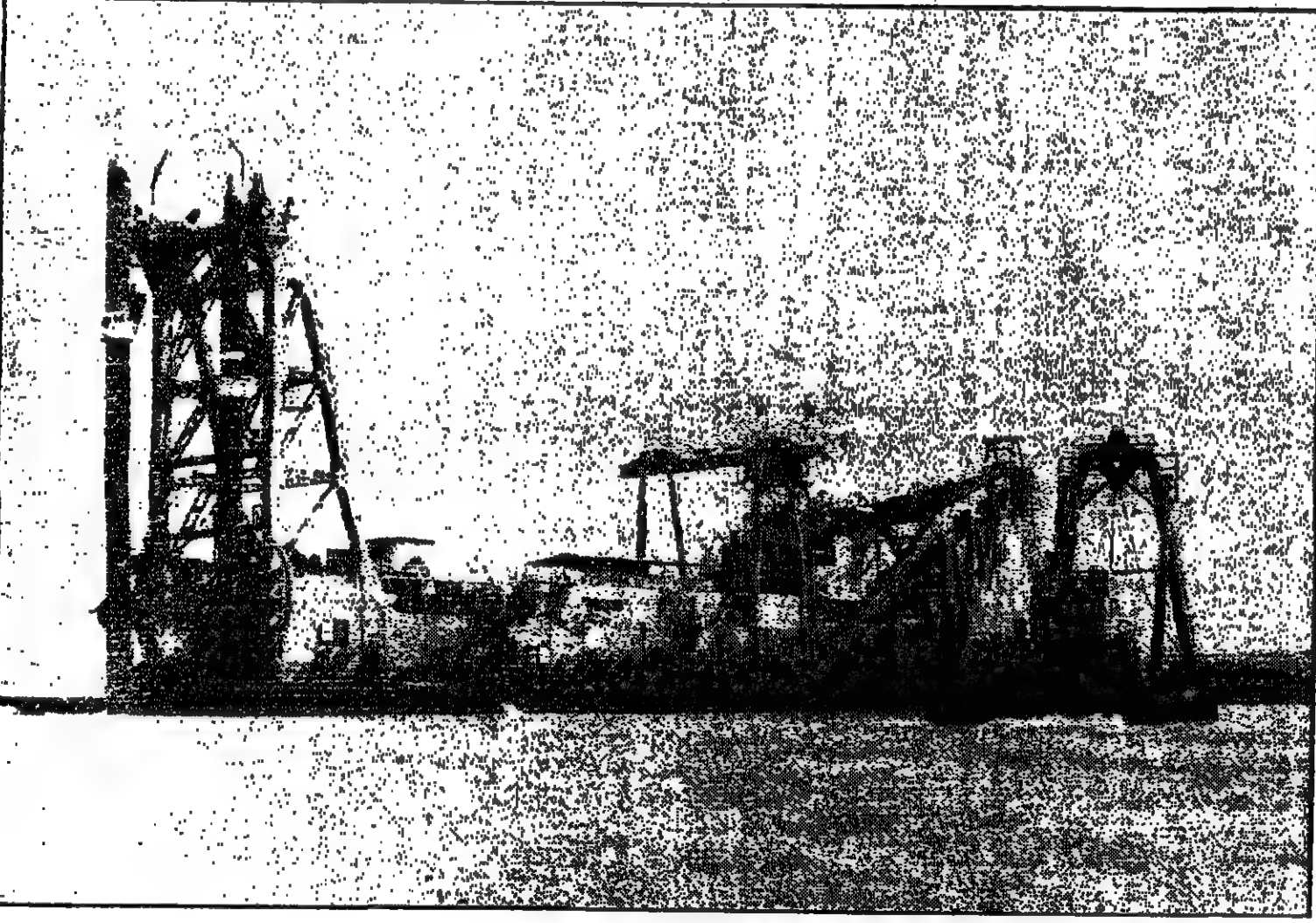
This conforms with recommendations by a consortium headed by Marnett Consultants, which was in favour of a phased development culminating in a dual waterway with northbound and southbound convoys using different channels.

The Suez Canal Authority is probably the most efficient organization in Egypt. Its newly landscaped headquarters in Ismailia, overlooking Lake Timsah, and its research laboratories where

investigations are carried again whatever might out into such questions as happen". That is a sweeping assurance, even for a man as committed to peace as Mr Sadat. But assuming that peace can be secured in the region and that predictions of a continued annual increase of 8 to 10 per cent in seaborne trade between east of Suez and the West are reasonably accurate, the future of the canal looks much brighter than that of any other Egyptian economic activity.



Fishermen in Suez. Right: panorama of Cairo, whose population is now greater than that of London. Below: a Japanese dredger deepening the Suez Canal.



Harry Katz

# Slow start to industrial development

by Alan Mackie

Canal Zone development has been hampered by lack of cash while lack of confidence has meant a slow start to industrial development. But where the cash has been made available, there have been remarkable achievements.

Saudi and Kuwaiti money enabled two new townships with 6,000 new homes to be built on the outskirts of Suez in little more than two years. The two townships, known as Fasfil and Sabah, after the late king of Saudi Arabia and the ruler of Kuwait, will eventually provide nearly 10,000 dwellings. A similar gift by the Emir of Qatar has funded a big housing development in Port Said. But these have to be seen in the context of the main problem of providing low cost housing has barely been touched.

The Egyptian Ministry of Housing and Reconstruction has commissioned more reports from the mainly British consultants who provided the three masterplans for Port Said, Suez and Ismailia. In essence these consist of demonstration projects which provide pilot schemes to upgrade existing property, new housing and industrial development. These are being financed by the Ministry of Overseas Development. The Egyptian Ministry of Housing and Reconstruction has also asked for geotechnical studies which are broader in scope. ODA is financing two of these, but the study for Port Said — potentially the

most lucrative in terms of business opportunities — is being financed by the United States Agency for International Development (USAID).

In Port Said, where Shankland Cox Partnership is preparing the demonstration project for next spring, the level of local housing redevelopment has not been had — thanks largely to the Qatari donation, and about 5,000 new housing units have been put up in the past two years. But the light industry that was to have come in the wake of Port Said being made a free city has not materialized — warehouse development has.

Yet it has become a thriving entrepot, "providing a field day for the wheeler dealers" as one observer put it, and acting as a lucrative centre for smuggling to mainland Egypt. The high markup on Port Said goods has certainly dulled the ardour of day trippers from Alexandria and Cairo, many of whom feel the long and irksome wait at customs posts, not to mention the expense of getting there. It is often now not worth the effort.

More important for Port Said is the interest USAID has taken in developing its port, sewerage and water facilities. The plans are massive. They include building a new port with a capacity of 13 million tons a year and increasing repair yard facilities. This alone would take a large slice of the \$750m USAID is reported to be considering pumping into basic services in the Canal Zone over the next two decades.

Ismailia, where Clifford

Culpin and Partners is preparing the demonstration project, has had more success than either Port Said or Suez in attracting industry. But it is principally geared to developing agricultural and industrial projects on the same lines as the Coca-Cola joint venture to create a \$50m citrus fruit farm. This project is planned for a site near Ismailia and is awaiting Coca-Cola's removal from the Arab boycott list.

Other industrial projects are a pre-cast concrete factory, a soft drinks factory and perhaps the most successful "open door" joint venture yet — the Arab Aluminium Company which is already producing aluminium window and door frames.

Suez is perhaps the greatest challenge in the whole reconstruction programme because more than half the city's buildings were damaged either in the fighting of October, 1973, or by neglect. One of the first things the Ministry of Housing and Reconstruction did when Suez was reintegrated was to inspect the remaining 16,000 buildings and allocate funds to their owners for repairs, or where the buildings had to be torn down, cash grants to build elsewhere.

In many cases neither the materials nor the land have been made available for these people to build new homes. Apart from the development of Sabah and Fasfil cities there has been little house building. But Robert Marlow and Johnson Marshall, the consultants

preparing the demonstration project for Suez, note that local contractors in building these two cities and other projects "are working quite carefully" to the master plan.

Although there has been some industrial development in Suez there has not been enough to constitute an economic revival. There is, admittedly, the Sumed pipeline terminal close by at Aia al-Sukhna, for which housing has been commissioned. Housing is also being sought for a new textile mill being built with Iranian finance. This scheme, after many years' gestation, is beginning at last and the foundations laid. Canal Zone development has raised problems and issues of its own.

There have been technical problems — as at Suez where the clay soil (although ideal for the \$90m Al-Shart tunnel being built under the canal north of the city) is not suited to local techniques.

Some of the first buildings raised in Suez in the reconstruction drive developed large cracks. Local construction companies like to dig deeper foundations, thus greatly increasing the cost, when the experience of British construction companies working in similar conditions in London is to build shallow foundations with a heavy concrete base.

If there is a criticism of local construction companies, it is that they tend to go for new building techniques without using the technology that they have. But they are

learning fast and the presence of joint venture companies should produce a more flexible, pragmatic approach.

Now that piecemeal development is taking place, the administrative problems of carrying out the plans are also having to be faced. Questions are being asked whether the present approach to house building is the right one.

Many now favour a more modest government presence. They say the authorities should provide the basic social services and utilities and leave it to the individual to build his home; at the most, they say, the authorities should provide the shell of a home and leave it to the individual to fit out.

Then, limited government funds will be stretched further. The Government is also encouraging home ownership; recently President Sadat assigned \$8m for home loans for those living in the Canal Zone. But the main policy decisions have yet to be taken.

Some argue that the thrust for development of the zone has lost momentum since the new cities to be built around Cairo have become the vogue. But the Canal Zone, like the rest of Egypt, is waiting for a real peace so that economic confidence can be built again. One consultant said: "It is an area that has had more planning in the past three years than probably any other part of the world. There is a lot of good will, five years that will cost economically to allow that good will to be expressed."

by Roger Vielvoye

The Egyptian Government has set a target of tripling oil production by 1980. Previous objectives for increasing the country's precious oil revenues have nearly always been over-ambitious, but oilmen judge this an attainable target, given a measure of luck with the present exploration programme.

Egypt's oil industry has made great advances over the past 18 months. The return of the Sinai oilfields provided a welcome increase to national output and gave the industry a great psychological lift. Confidence has also been raised by the encouraging response from the international oil companies to the Government's offers of new exploration contracts.

As a result of the latest round of production-sharing contracts, 35 foreign companies are now associated with the Egyptian General Petroleum Company (EGPC) in the search for new reserves. Between them they have acquired 200,000 square miles of territory for exploration both onshore and offshore.

American companies predominate but there are also operators from Britain, Holland, France, Canada, Germany, Spain, Japan, Brazil and Sweden. The companies have paid \$104m in bonuses to the Government on signing exploration contracts and are committed to prospecting work over the next five years that will cost nearly \$320m. A successful start to the programme could

# Target set to triple oil production

encourage the companies to exercise options that would require the spending of nearly \$1,000m over 10 or 12 years.

The production-sharing contracts permit the operators to recover costs from any commercial discovery. EGPC will take 75 to 82.5 per cent of the remaining oil, leaving the operators with a 17.5 to 25 per cent share.

Since this successful licensing, exploration activity has increased significantly. In 1976, operators drilled 15 offshore exploration wells and another 16 on land. By the end of this year the number of wells drilled should exceed 40.

The best prospects appear to be offshore. Of the 16 wells drilled last year, five were successful while none of the onshore holes produced results. Earlier in the year there were eight rigs operating in the Gulf of Suez, and, undeterred by the predominance of dry holes in 1976, the onshore explorers had 20 drilling teams at work.

The Gulf of Suez still provides most of the country's output, and if the target of one million barrels a day is to be met, output from this area will have to rise sharply. Amoco, which is in partnership with EGPC pro-

duces about 65 per cent of the country's output, is at present undertaking an extensive water injection scheme on the El Morgan field in the gulf in an attempt to raise production from about 90,000 barrels a day to nearer the peak of several hundred thousand barrels a day which it attained a few years ago.

Clove to El Morgan is the Ramadan field which is now producing about 36,000 bpd. In the same vicinity but closer to the western bank of the gulf is the July field, now producing 54,000 bpd from eight wells.

Of the five offshore discoveries made during 1976, all were in the Gulf of Suez and three came from Amoco. Development work had already started on the first two. Deminex, the West German state-backed exploration consortium of Agip, Conoco and Marathon found condensate and oil only four miles west of the canal and the Brazilian drilling team has also found the find with an even more productive second well. In the Ras Shukheir area the Transworld group who have also made a find that is predominantly gas but with some oil.

The return of the Sinai oilfields from Israeli occupation has added almost 100,000 barrels a day to the country's output. Most of this comes from the Abu Rudais area — onshore and offshore — on concessions operated by Agip from Italy and EGPC. Together they produce about 65,000 bpd from a number of onshore fields farther north. Exploration

is moving ahead in Sinai. Seven new exploration contracts have been signed covering an area in north-west Sinai.

Oil is coming too from the Western Desert. Phillips Petroleum has found and developed a field under the El Alamein battlefield. It is yielding 8,000 barrels a day. Phillips is also getting 5,000 bpd from the Yidma field near by.

There has been some success in the search for oil outside the Gulf of Suez and the Sinai peninsula. A consortium of Agip, Conoco and Marathon found condensate and oil only four miles west of the canal and the Brazilian drilling team has also found the find with an even more productive second well. In the Ras Shukheir area the Transworld group who have also made a find that is predominantly gas but with some oil.

New drilling teams have moved back into the Western Desert to work for Shell, Atlantic Richfield and the Standard Oil Company of California.

Egypt also has hopes of finding oil in the Red Sea. Phillips and Hispanoil of Spain have exploration rights on 4,632 sq miles in depths of between 1,500 ft and something over 3,000 ft. Any deposits would have to be substantial to justify commercial development in these depths.

The author is Energy Correspondent, The Times.

## Find made at desert battlefield

## Sharp rise needed in output



**Phosphoric**

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# THE TIMES BUSINESS NEWS



## Public borrowing shortfall points to large Treasury overestimate

By David Blake  
Economics Correspondent

Just public borrowing was only £130m in the first quarter of 1977, suggesting that the out-turn for the current financial year could be well below the latest official published forecast of £1,500m, according to a Treasury Requirement of £7,500m.

The most probable figure would seem to be much nearer to the secret estimate of £500m made within the Treasury, but short of £1,000m from the published estimate seems likely, and it could be even lower.

The £700m PSBR in the third quarter of the calendar year, which is not seasonally adjusted, is reduced to £904m for the second quarter of the financial year if a seasonal adjustment correction is applied. It compares with a seasonally adjusted figure of £1,500m for the first quarter of fiscal 1977-78, which began in April.

For the first half of the financial year, that gives a total figure of £2,455m. So if the second half of the financial year is like the first half, the total PSBR would be £4,910m.

A number of special factors which do not get reflected in the seasonal adjustment mean that the out-turn will be considerably higher than this. The cuts announced in October will not be reflected in the £1,000m, there will be a £600m increase in social security payments to be financed in the November. Figures for the year will be a loss of £150m on petrol revenue.

After all these factors have been taken into account, however, the Treasury forecasts on which the Chancellor acted throughout this year and which were used at the end of 1976 in discussing cuts with the International Monetary Fund are clearly shown to have been too high.

Even if the current published forecast of £7,500m proves to be right, the forecast made in December 1976 would have been 3,400m too high. The near certainty that the actual figure for the PSBR during this financial



Sir Charles Clore: A generous benefactor

## Sir Charles, the takeover pioneer, calls it a day

By Ray Meaghan

Sir Charles Clore who is to resign as chairman of Sears Holdings at the end of the year will be replaced by his 68-year-old son, Mr. Geoffrey Maitland Smith, an executive director for six years, will become chief executive and deputy chairman at the age of 45.

The board has invited Sir Charles, who is 73, to become life president of the company and he will remain a director with special responsibility for Sears' overseas activities and development.

Resignation has been in Sir Charles' mind for some time and he told his boardroom colleagues of his decision just over a week ago.

His philanthropy is well known—it is estimated that he has been giving at least £500,000 annually to good causes for more than 15 years—and he has been a benefactor to a wide range of cultural and social causes, an active and trail-blazing investment record must rank as his principal claim to recognition.

At the age of 22 he purchased the skating rink in Cricklewood he had used as a child and three years later he was in a position to buy the Prince of Wales Theatre.

He bought out the Richards Shops chain of women's wear stores just as the Second World War started, and his lasting love for property and industry—particularly textiles—was already clearly established.

But it was not until 1953 that he really attracted City's attention. At the beginning of that year, his Investment Registry finance group acquired control of the quoted Sears & Co. (True-Form Boot Company) and any claim he may have had to be the "pioneer of the takeover" was dubbed later, was enhanced by the fact that he paid about £3.4m for 75 per cent of a company with property worth £6.5m.

Other notable takeovers included Manfield & Sons and Doicis in 1956, Mappin & Webb and Garrard in the following year, Lewis's Investment Trust (Selfridges and Lewis's group) in 1965 and the William Hill Organisation in 1971.

Property was always the fulcrum of his burgeoning empire and the 1960 merger of Sir Charles's City & Central Investment with Mr. Jack Cotton's City Centre Properties formed a £65m group, in which Sir Charles's slice of the combined business was worth £10m.

His business life was not entirely without its setbacks, however. He failed where Mr. Maxwell Joseph later succeeded with a bid for the Watneys brewing group and a combination of Sir Charles, Mr. Cotton and Mr. Bernard Delfont was outwitted by Mr. Prince Little's Stoll Theatres group in the battle for Moss Empires.

Sir Charles said recently that "I enjoyed most of the earlier years of challenge but I would not turn back the pages unless I could start again with the benefit of all that I have learned."

## Bonn intervention arrests dollar slide

From Peter Norman  
Bonn, Dec 6

West Germany's government tried this evening to "talk up" the dollar after it had dropped by more than three pence in nervous and at times hectic currency dealings to a new low on the Frankfurt foreign exchange market.

Dr. Hans Apel, the West German finance minister, said that the movement of the dollar exchange rate against the mark was not justified by objective economic facts. Instead, he said that the dollar's sharp fall was the result of a speculative capital movement of the sort that participants at the first economic summit in Rambouillet two years ago, had diagnosed as "erratic".

Dr. Apel said the Bonn government welcomed the efforts of the Federal Reserve to even out the movement through intervention on the foreign exchange market, and was grateful for the cooperation between the Federal Bank and other central banks, including the American Federal Reserve system.

In Brussels yesterday Chancellor Helmut Schmidt also spoke in support of the American currency.

Earlier in the day the dollar had slumped to a record trading low of around DM2.1550 before being fixed at midday at DM2.1583, to show a loss of more than three pence from yesterday's fixing level of DM2.1910. Dealers attributed the sudden bout of weakness to the news of the coal miners' strike in the United States.

Although the German Federal Bank did not buy dollars at today's fixing, it did intervene. Dealers thought it could have bought around \$150m during the day compared with an estimated \$300m on Monday, when the United States currency first penetrated the DM2.20 barrier. Its efforts were partly rewarded. The intervention, and Dr. Apel's statements lifted the American currency to DM2.1660-70, although it slipped back somewhat in late dealings.

The rise in the value of the mark against the dollar has also created problems for the European currency snake. At the Frankfurt fixing the Federal Bank was obliged to buy 12.3m Danish crowns to support the intervention point of DM35.03 to 100 crowns. The Belgian franc was also quoted at its lower intervention point.

Dr. Apel underlined in his statement that Bonn was determined to maintain the integrity of the "snake". He said the European currency float was a factor for economic and political stability of importance to others besides those directly participating in the scheme.

But it is the decline of the dollar that is causing the West German government its biggest headache. Dr. Apel pointed out that over the past two years the mark has appreciated by about 20 per cent compared with the dollar.

This rise was far more than is justified by the difference in price and cost trends in the United States and Germany.

The dollar also declined today to new lows against the Swiss franc. Last night, in the course of a speech in Bern, Dr. Fritz Leutwiler, president of the Swiss National Bank, was unusually critical of the American attitude over the dollar's decline. He said that Switzerland, West Germany, and Japan could not stabilize

## A scholarly look at the brain drain

It is part of the conventional wisdom of City wine bars and management conferences that the British manager is underpaid, overtaxed and, consequently, poorly motivated and demoralized. Offered a job in the United States, he would be only too keen to join the brain drain, thus further depleting Britain's stock of able people and contributing to the country's relatively weak industrial performance.

But is this myth or reality? The hard facts are scarcer than might be presumed from the confidence with which views are expressed. Past studies have not been entirely unambiguous. This is why the new study of this subject, announced yesterday by Mr. Dick Taverne, Director of the Institute of Fiscal Studies and former MP, could prove to be of some importance.

The inquiry is to be carried out by Professor Brian Reddaway, of Clare College, Cambridge, and two other economists. The inquiry is to be conducted under the supervision of a four-man steering committee, of which Professor Reddaway will be a member.

This steering committee will be headed by Mr. Michael Edwards, the former chief executive of the Chloride Group who recently took over the chairmanship of British Leyland.

Mr. Edwards, who is also vice-chairman of the British Institute of Management, has expressed himself forcefully in the past about the level of taxation on top salaries. However, there is an insistence among all concerned that the study is being undertaken in a true spirit of impartiality and scholarly independence.

The other members of the steering committee are Mr. Aubrey Silberstein, Dean of Nuffield College, Oxford, and a former member of the Monopolies Commission, and Mr. Alan Lord, formerly Second Permanent Secretary at the Treasury and now Director of Planning at Dunlop.

Outlining the objectives of the study yesterday, Mr. Taverne said that it would not be primarily concerned with psychological research into motivation. What they wanted to explore were the effects, if any, that low management pay and high taxes may have on the performance of companies.

Nothing should be taken for granted in this area, as Professor Reddaway pointed out. It may be that the emigration of senior managers is a wholly healthy movement, providing scope for talented people to be promoted from lower down.

It is not the first time that Professor Reddaway has probed such politically sensitive issues. It was a team led by him which in 1973—after four years of study—produced a report that broadly came out in support of the much-maligned Selective employment tax. Earlier, he had carried out a study for the CBI into overseas investment. This new inquiry is likely to take about 18 months.

Melvyn Westlake

## Bank figures ease money supply fears

By Ronald Pullan  
Banking Correspondent

Worries about the growth of the money supply, sharp rises in the previous two months are likely to ease after a latest returns from the banking sector for the month of November.

Figures published today by the Bank of England and the clearing banks show that in the four weeks to November 16, the money supply rose by 0.5 per cent, or 1.1 per cent, to 40,207m. This was only just over half the 2.3 per cent increase recorded in the October banking month.

While eligible liabilities are not a completely reliable guide to the money supply, the broad definition of money supply, it is likely that the M3 rise in November will be under 1 per cent.

Even so, with the annualized rate of increase since April running at 14 per cent, it still appears the Government accepts that it will take something very dramatic to bring the rise within the 3-13 per cent ceiling it has set.

The November figures also take in around two weeks of heavy foreign currency inflows from sterling was allowed to float at the end of last month.

Latest figures on advances and deposits from the clearing banks underline that the £627m increase in bank lending in the month was a freak measure, reflecting in large measure, it is thought, borrow-

## BANK FIGURES

The following are the figures for eligible liabilities and reserve assets ratios of United Kingdom Banks released by the Bank of England today:

At mid-month	Eligible liabilities	Reserve assets	Ratio
1976	37,280	28.8	13.9
Nov	36,879	12.8	13.8
1977			
Jan	36,147	-5.1	14.4
Feb	34,634	-23.7	13.8
March	34,977	-19.1	13.9
April	35,843	-3.3	14.2
May	35,824	-11.9	14.0
June	35,828	-15.7	14.0
July	37,094	-14.8	14.0
Aug	37,595	-22.5	14.5
Sept	38,806	-30.8	14.5
Oct	39,712	-31.4	14.5
Nov	40,207	-29.8	15.1

ing to finance purchases of certificates of tax deposit.

Sterling advances by the London clearing banks by only £5m to £16,734m, although the seasonal adjustment leaves the increase at around £200m, much the same as the previous month. Sterling deposits of United Kingdom residents rose rather less than expected at £64m to £25,274m.

Meanwhile, the Government Broker took advantage of the improved indications for the money supply, reactivating the Treasury 10 per cent 1982 long "tap" by lowering the price at which he would sell stock by about 53 points.

Dealers estimated sales at £100-£150m. Gilt prices, noticeably at the long end, responded favourably with rises of up to 1 of a point.

Financial Editor, page 31

## Protectionist tariffs ruled out in US prices scheme for steel

From Frank Vogl  
Washington, Dec 6

The White House released its steel industry assistance programme today. The programme drew a cool reaction from American steel manufacturers and some strong protests by Congressmen from steel producing areas. It involves little direct financial assistance to steel companies and the centre piece, a "reference price" system for imports, is unlikely to have a major effect on European steel exporters to this country.

The Administration has flatly rejected pleas by the industry to impose protectionist tariffs and quotas. Instead, it has introduced a system that will allow imports to be priced here at or above the level of the world's most efficient producers, the Japanese.

Thus European producers may be able to sell their products here below their own manufacturing cost prices so long as their United States prices are at or above the "reference price" that will be based upon Japanese production costs.

The White House stated that its primary objective "is to assist the steel industry in a manner which will stimulate efficiency and enable the industry to compete fairly. A stronger competitive position is essential if the United States steel industry is to maintain its markets."

Mr. Anthony Solomon, the Under-Secretary of the Treasury, who headed a special Administration steel industry task force, said today that he expects the "reference price" system to be in operation within about 60 days.

Discussions would start with a group of officials here tomorrow on determining the "reference prices" for assorted steel products and these prices should be announced this month with the steel industry to be given 30 days to comment upon them before their implementation.

Some companies and Congressmen have charged that the British Steel Corporation has been selling steel here at prices even below those of the highly efficient Japanese steel manufacturers. If this is the case, then almost certainly the corporation will have to raise its selling prices under the newly proposed system.

By and large, however, the new system is likely to have its greatest effect on Japanese exporters who have been selling their products at below cost prices.

The extent to which foreign manufacturers have been dumping steel here is not known and Mr. Solomon said he hopes the steel companies will withdraw their anti-dumping petitions, totalling about 19, once they see that the new system is working well.

## Details of Polish ships deal likely

The Government may make a statement on the details contained in the controversial £115m shipbuilding deal with Poland.

Ministers are under growing pressure to disclose the terms and cost to the taxpayer, but until yesterday have refused to provide any detailed information on the grounds that it was commercially confidential.

But with Opposition leaders urging investigations by one of Parliament's select committees, Mr. Foot, Leader of the Commons, gave the first hint that ministers were considering a formal statement. Answering a question yesterday, Mr. Foot said that he would look into the question of when a statement should be made on the financial arrangements.

Later Mr. Michael Grylls, MP, vice chairman of the Conservative Industry Committee, who has unsuccessfully sought an emergency inquiry into the deal, said it was vital that taxpayers be aware of the details. Sooner or later they would have to be explained, and the sooner the better.

Tomorrow officials from British Shipbuilders are expected to leave for further talks in Poland on allocation of the 24-ship order which has run into difficulties because of the continuing industrial dispute at Swan Hunter's yards on the Tyne. This has prevented seven 16,500-ton despatch bulk carriers being placed with the company.

Three have already been reallocated, but officials are hopeful that outfitting workers on Tyne will call off their overtime band to enable the remaining four to be confirmed with the yard.

## Little for Europe in Tokyo trade plans

From Peter Hazelhurst  
Tokyo, Dec 6

After a heated debate today the Japanese Cabinet endorsed an eight-point economic programme which, according to the Government, aims to reduce Japan's huge trade surplus with the United States and other leading trading partners.

However, the skimpy details of the plan would seem to indicate that the Japanese are not really serious about reducing their trade surplus with the United States and other leading trading partners.

Indeed, sources close to the American Embassy declared that the plan was unlikely to satisfy President Carter's Administration or reduce Japan's surplus by a substantial margin.

"At first glance it would seem to be a case of too little too late," one Western diplomat said. "We have to have some substance in the final details in Washington."

Drawn up with the basic objective of placating America's protectionist lobby, the programme calls for advanced tariff cuts, expanded import quotas, the reduction of non-tariff barriers, improved import financing facilities, stockpiling of raw materials, and expansion of Japan's economic and the orderly marketing of exports.

The Government refused to disclose details of the final draft of the much vaunted plan today, but influential Japanese newspapers claim that the Cabinet is offering the United States tariff cuts on some 90 categories of imports, including cars, colour film, computers, processed food, whisky, brandy, wine and other manufactured goods.

## GEC holders may be paid cash for aerospace stake

By Andrew Goodrick-Clarke  
Financial Editor

Compensation which General Electric Company will receive from the Government for the nationalization of its share of British Aircraft Corporation may be repaid to shareholders.

Sir Kenneth Bond, deputy managing director of the group, said yesterday that the company was considering whether it should pass the compensation cash (which GEC claims should be at least £100m) to GEC shareholders using the same mechanism as it used earlier this year of issuing floating rate capital notes.

GEC and Vickers, which each owned 50 per cent of BAC, say they have been advised that at least £200m is fair compensation for the nationalization of the aircraft company which is now part of British Aerospace.

In his foreword statement yesterday GEC said that no estimate of income had been included for the interest payable from the date of nationalization on the compensation stock when it is issued.

The Government has agreed now to a first unquantified payment of compensation cash to companies whose aircraft and shipbuilding assets were nationalized in January. The remainder is still subject to negotiation.

Kenneth Owen, Technology Correspondent, writes: GEC also announced yesterday a strengthening of its activities in the United States. Mr. Geoffrey Cross, the former managing director of International Computers, is to head a new California-based GEC company to pursue new business by acquisitions and joint ventures; and Mr. Ronald Grierson, a GEC director, is also to be chairman of GEC Inc., the holding subsidiary in the United States.

Mr. Cross's company, which has not yet been named, will be based in San Diego. From this base, sixed near some of the world's fastest expanding high-technology industries, the company will conduct its business by way of both acquisitions and joint ventures.

Financial Editor and Business Diary, page 31

## Offices to be let in the City of London

- 1,260 sq ft approx  
Austin Friars/Throgmorton Street, EC2
- 1,538 sq ft approx  
Africa House, Kingsway, WC2
- 4,070 sq ft approx  
Winchester House, 77 London Wall, EC2
- 9,968 sq ft approx  
55-61 Moorgate, EC2
- 12,240 sq ft approx  
62 Holborn Viaduct, EC1
- 18,155 sq ft approx  
5-12 Norton Folgate, E1
- 31,150 sq ft approx  
Bastion House, 140 London Wall, EC2

## EMI shares slide 30p

By Nicholas Hirst

Shares in EMI were the worst performers in the stock market yesterday, falling 30p to 183p after Sir John Read, the chairman, told the annual meeting of shareholders of the problems facing its electronic body scanner in the United States.

The market for the scanners was running at only half the level of last year as a result of measures taken by the American medical authorities to limit expenditure.

As a result the order intake was insufficient to earn satisfactory profits, and Sir John said that for the group as a whole profits were running well below the level of last year. "We see some of these adverse trends continuing into 1978," he said.

Capital Industries-EMI, the group's musical business in the United States, had made less in the first quarter than in the corresponding period last year. Sir John said, while the 60 per cent-owned company in Australia was facing extremely difficult conditions, it was unlikely that the fall in profit in the second half of last year would be reversed.

"The effect of these changes on the group's profits for the current year is bound to be significant," Sir John said. "In spite of higher turnover, profits were running well below the level of last year."

Financial Editor, page 31

### Debenham Tewson & Chinnocks

Chartered Surveyors  
Bancroft House, Paternoster Square  
London EC4P 4ET  
01-236 1520 Telex 883749

Brussels Hamburg Bahrain Dubai  
Toronto New York Sydney

## How the markets moved

Rises	Falls
Upstream 5p to 75p	14p to 85p
Oil Dredging 2p to 25p	8p to 65p
Sumo & Dist 4p to 81p	8p to 35p
Southval 4p to 62p	32p to 185p
Stc 8p to 255p	5p to 273p
	5p to 155p
	5p to 113p
	8p to 305p
	4p to 100p

The Times index: 202.59 - 0.04  
The FT index: 482.0 - 4.3

## THE POUND

Bank buys	Bank sells
Australia \$ 1.67	1.62
Austria Sch 30.90	28.00
Belgium Fr 65.50	62.50
Canada \$ 2.07	2.02
Denmark Kr 11.40	11.00
Finland Mkk 7.85	7.60
France Fr 16.18	15.78
Germany Dm 4.17	3.95
Greece Dr 77.75	74.00
Hongkong \$ 8.85	8.40
Italy Lr 1630.00	1575.00
Japan Yen 405.00	440.00
Netherlands Gld 4.50	4.28
Norway Kr 10.20	9.64
Portugal Esc 78.75	74.50
Spain Ptas 165.25	152.75
Sweden Kr 9.12	8.67
Switzerland Fr 4.07	3.85
US \$ 1.58	1.43
Yugoslavia Dn 33.50	36.00

Gold gained \$0.25 to \$159.875.  
SDB-5 was 1.9778 on Tuesday while SDB-5 was 0.652315.  
Commodities: Reuters' index was at 1496.1 (previous 1495.5).  
Reports pages 32 and 34

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## Christmas spending spree makes slow start

By Patricia Tisdall

All sections of the retail trade report a bad start to Christmas. The seasonable lift which many non-food retailers rely on for up to 80 per cent of their annual sales has materialized nearly a month later than usual.

With only 16 more trading days to go, retailers say that not only has it been late, but pre-Christmas spending has also been disappointingly low so far. Volume sales are likely to be below last year and turnover figures are down, taking account of inflation.

Currys, the electrical goods chain, is one of a number of groups which admitted yesterday that its volume sales are below target.

The latest figures published by the John Lewis Partnership, which are used as a reliable barometer by the rest of the retail trade, show that the turnover increase of 12.8 per cent on the same week last year is below the forecast 13.3 per cent rise.

Mr Michael Sherlock, sales director of Woolworth, reported that while Christmas goods used to start moving in October, this year it had all been left to the last four weeks.

The trigger appears to be the Budget tax rebate which started appearing in weekly wage packets a fortnight ago. It seems that this is being spent on lower-priced items such as toys and decorations rather than being used towards the price of a major household purchase.

Toys were reported by both the Argos group of catalogue showrooms and Marks & Spencer as among the best selling items. However, the demand is unlikely to benefit the manufacturers since the trade, according to one source, is only just beginning to clear a "phenomenal" over-stocking from last year.

Very little movement is seen in higher priced electrical goods. What demand there is for cheaper gift lines such as hairdryers and radios.

Credit purchases generally appear to be holding up better than cash transactions. Barclaycard, which dropped its interest rates last month, said the signs were of a subsequent upswing in usage, on top of gains earlier in the year.

Mail order houses are likely to be biggest losers from the late start because of dispatch delays. Some are believed to have already re-released quotas of uncollected merchandise back into the wholesale pipeline.

But Mr Harold Bowman, a director of Great Universal Stores, one of the largest mail order organisations, said yesterday that the company's pre-Christmas sales figures were "entirely satisfactory". Trade remained up in volume and value on last year.

Adding to the general retail difficulties is the fact that there has been a significant increase in the cost of overseas visitors.

## Coal Board and miners at odds on proposals for worker participation

By Paul Routledge

Management's role in coal-mining divided a National Union of Mineworkers conference on industrial democracy in Harrogate yesterday. Pit delegates sharply criticized the running of the industry, but the National Coal Board insisted that the functions and responsibilities of management were "absolute".

Mr Cliff Shephard, the board's member for industrial relations, told the conference that union-coal board proposals for colliery policy committees would involve some genuine joint decision-making. He went on to say: "We do not believe that any complex industrial activity—perhaps least of all a colliery—can in its day-to-day operations be managed by a committee."

"The functions and responsibilities of day-to-day management—including the onerous statutory responsibilities in our industry—are absolute."

## Dunlop and Pirelli SpA sign Moscow pact

Moscow, Dec 6.—Dunlop Holdings and Pirelli SpA have signed two new technological cooperation agreements with the Soviet Union, Mr Dzerem Gvishiani, state committee chairman for science and technology, said here today.

The agreements provide for the exchange of know-how in tyre production, technical rubber products and the manufacture of steel cord.

Pirelli and Dunlop are holding talks on the sale of radial tyre production equipment for two Soviet factories, a contract estimated at \$45m (about £25m). The companies are also discussing plans for a steel cord plant.

## Ladbroke move on camp holidays

Ladbroke, the holiday and bookmaking concern in the throes of a takeover bid for Leisure and General Holdings, announced yesterday that it has expanded abroad for the first time its holiday camp activities. A French-based subsidiary, Ladbroke Travel, is to market seven seaside camping sites in Brittany and Vendée next year.

The holidays, in luxury tents or caravans, are sold inclusive of cross-Channel ferry bookings, if required. They will be promoted on the Continent as well as in the United Kingdom.

## BPD frees sales of plasterboard

BPD Industries, whose monopoly of plasterboard production in the United Kingdom was investigated by the Monopolies Commission in 1974, is to allow more major users to buy plasterboard direct on the same terms as those charged to builders' merchants.

This follows an undertaking on the same terms given by BPD last year to meet a recommendation by the Commission.

ment—including the onerous statutory responsibilities in our industry—are absolute."

In all the joint discussions that had taken place on industrial democracy, that had never been in question, he claimed.

In the coal board's first serious presentation of the case for colliery policy committees Mr Shephard said they would contribute to a production capacity and markets for coal. They would operate "by consensus, and not on the use of weight of representation and the power of the vote"—a clear reference to the NUM's desire to have a numerical majority on the new participation bodies.

Coalfield delegates like Mr David Bolton, vice-president of the militant Scottish miners, found fault with this formula and criticized management for offering only a show of consultation under present arrangements.

ments rather than genuine participation.

His point was taken up by others who castigated the NCB plan as no more than the introduction of production committees designed to increase output rather than democracy. Others feared a veto by the British Association of Colliery Management, who would not give up their powers to manage.

Mr David Lea, assistant general secretary of the TUC and a member of the Bullock Inquiry that recommended extension of trade union power into the boardroom, said: "Management's role has to change. Obviously if management's job is absolutely unchanged, then everything is unchanged as well."

The conference continues today with an address by Mr Besson, Secretary of State for Energy.

## Panel draws picture of US economy, 1978

From Frank Vogel Washington, Dec 6

America's rate of real growth in the gross national product during 1978 is expected to fall to 4.2 per cent from 4.8 per cent this year.

There are forecasts of modest cuts in the inflation rate, unemployment and the growth of corporate profits; but business spending, industrial wage levels and new housing starts are all thought likely to show modest increases.

These are the conclusions of a series of new reports and forecasts issued by the Conference Board in New York. The board's panel of 11 nationally prominent economists predicts that the slower growth expected in the United States will also be reflected abroad.

Its international expert, Mr Walter Hoadley, chief economist at the Bank of America, forecasts an increase in world trade in 1978 of 4 to 5 per cent, compared with a 1977 rate of 5 to 6 per cent.

A separate Conference Board report records that capital spending by the nation's 1,000 largest manufacturing companies reached a record, seasonally adjusted, \$17,700m in the third quarter of this year. This is an 18 per cent gain over the second quarter.

The board says data for the first nine months of this year suggest that capital spending

in 1977 will be ahead by 11 to 12 per cent. Both the board's economic model and a survey of businesses indicate a 14 per cent rate of gain next year.

Such an advance, while not great in real terms, is likely to ease capacity bottlenecks, so some economists have been predicting. This conclusion seems all the more valid in view of the modest overall rate of economic growth predicted by the board's experts.

A main worry, however, concerns manufacturing production costs. A team of eight labour relations specialists, assembled by the Conference Board, predicts that wage and worker benefit gains next year will rise by 8.5 per cent, compared with an advance of 7.3 per cent this year. They say that a 6 per cent rate of inflation appears to be fully accepted in new wage contracts and that manufacturing labour costs next year are likely to increase by 5.8 per cent, as wage gains continue to exceed productivity advances.

The board's panel of 11 economists forecast a slight reduction in the rate of inflation. Unemployment is seen as falling to 6.7 per cent in 1978 from an average this year of 7.1 per cent, and by the end of next year the total labour force is predicted to increase by 2.9 million to 100.1 million.

## Concrete price-fixing ban

The Office of Fair Trading is to apply to the Restrictive Practices Court to prevent companies which operate concrete price agreements from becoming involved in any other restrictive practice.

Mr Gordon Borrie, OFT director general, will apply for orders under section 35 of the Act. Failure to comply would place a company in contempt of court.

It is expected that this kind of order will be directed against some of the larger companies named in previous cases whose interests extend beyond regional markets to other areas of the building supplies sector.

A list of names is being prepared, and the OFT hopes that a court hearing for this and the Act. Failure to comply would place a company in contempt of court.

## Imports drop to 46.7pc share of car market

By Edward Townsend

New car sales in the United Kingdom last month were down almost 11 per cent on a year earlier, and foreign manufacturers continued to capture nearly half the market.

According to preliminary figures issued yesterday by the Society of Motor Manufacturers and Traders, imports in November totalled 44,587, representing 46.7 per cent of total sales. This was the lowest import penetration since July, but foreign car sales remained more than double those of British Leyland.

Vehicle sales for the month at 95,699, brought the 11-month total to 1,265,641, a rise of 3.35 per cent on the same period of 1976. Import penetration for the 11 months averaged 45.36 per cent against 37.54 per cent a year ago.

Leyland Cars captured only 21.7 per cent of the market in November with sales of 21,040, while Ford, the market leader, sold 27,310 to win 28.54 per cent. Ford was also the leading importer, bringing in 6,913 cars from its European plants.

Department of Industry figures also released yesterday show that United Kingdom car production rose by 10 per cent last month compared with October to 114,000. Taking seasonal factors into account, production was up by 6 per cent in the three months to the end of November compared with the previous three months.

## Meriden co-op repays £1m loan from GEC

By Our Industrial Staff

The firm secured loan made by the General Electric Company to the Meriden motor-cycles co-operative has now been repaid from the proceeds of sales of Triumph machines in the current year, the co-operative disclosed today.

"I said the business was now 'firmly launched on a new phase of development', and expected that the plan to recruit additional labour, coupled with the gradual renewal of production tooling, would result in 'an increase in productivity and output to meet market demands and further improve product quality'."

In a statement, the co-operative said that over the past 10 months it had been "drawing its way" back from the grave financial position it faced in February. "Now with a healthy forward order book Meriden is looking to the future with renewed confidence."

Mr John Rosmond, Meriden chairman, said without GEC's vital contribution, the co-operative would not have survived.

## LETTERS TO THE EDITOR

### A new national plan needed for industry

From Mr K. Warren

Sir, Nationally we are now enjoying a mood of mild euphoria, as the British economy seems to pick up, the bank rate until recently fell, and mortgages come down. In all this we seem all too often to forget that our basic problems have not been tackled—British industry, considered overall, is grossly inefficient by the best standards of the world, ill-equipped, carried on in plants which are too small, and by methods of organization which have become outmoded. What is needed is a much longer term perspective both for the understanding and for the solution of the difficulties.

Reconstruction on the scale now needed in British industry will be massive, long-term and also needs to be coordinated.

Therefore, for instance, it is vital to pursue policies for British Railways which are in some way dovetailed with those of the NCB; BSC reconstruction must take into account long term changes planned for automobile manufacture or for shipbuilding.

We also need to question whether it is wise to adopt piecemeal solutions to problems in development areas without attempting to link the sorts of industry which are guided there, and to recognize that the south-east and the Midlands cannot be regarded as inexhaustible industrial cornucopias.

In the course of rationalization, short-term local and sectional interests will be hurt, but the most fundamental lesson of the past has been that if one remains preoccupied with avoiding problems in the short term, long term improvements in international competitiveness never come. Management and men would have to be retrained and mobility would need to increase. Some localities would lose their long established basic sources of employment, and established institutions would have to be more flexible.

The fundamental problem is a political one—are party governments and terms of a maximum of five years for Parliament suitable for the long term, sustained planning which can alone revivify an ailing mixed economy? This is a test for parliamentary democracy, one which it is absolutely vital for it to pass if totalitarianism is not to seem the only way to economic success.

Removal of planning strategy to a national body, responsible to Parliament, with a long term life and special status may be essential. Whatever the form or arrangement, the vital matter is that industrial planning should be a coordinated inter-industry arrangement, operating within a national spatial framework and with a long term perspective. It is, of course, necessary to get beyond generalization, both in analysis and prescription, to specific action, and for that reason I suggest two steps.

Firstly, there should be initiative on the part of politicians to get an inter-party open debate and later detailed analysis of long term planning objectives underway. Secondly, we need a new national plan, covering a long period, but with staged objectives over that period. This plan should be comprehensive and involve inter-industry coordination. Unlike the ill-fated plan of 1964, it should be spatially explicit, for it is high time that we thought in terms of regional economic complexes dovetailing into a new nationally integrated economy.

The painful adjustments will be the short term prices we pay for long term success. If we persevere we shall have proved ourselves a much more alive, responsive and responsible society than our rivals and many home critics have believed. After that there will remain one even more searching challenge—whether we use our success merely to secure more and more affluence or, in part at least, in a more responsible role in a poverty stricken world.

Yours faithfully, KENNETH WARREN, University Lecturer and Fellow of Jesus College, University of Oxford, Mansfield Road, Oxford OX1 3TB, November 28.

### Effect of cut in tax on diesel fuel

From Mr T. J. Mathew

Sir, Dr G. H. Barker (November 24) advocates the reduction of excise tax on diesel fuel by the government as a way to encourage greater utilization of this more economic and cleaner fuel.

However, he is in error in suggesting that this will benefit the British automobile manufacturers. The United Kingdom has been almost the only country over the past 10 years where diesel fuel has not been substantially cheaper than petrol and, as a result, British car makers have discontinued the manufacture of diesel automobiles.

Continental manufacturers, where diesel has historically been considerably cheaper now have an established production of these engine automobiles and would therefore be at an enormous sales advantage if the British Government were now to change its policy.

It is worth mentioning that the recently introduced Ford Granada with diesel option is manufactured in Germany, not Britain, and is fitted with a French Peugeot engine.

T. J. MATHEW, Court House, Gloustershire GL6 6QU.

### UK shipbuilding future at stake

From Mr R. Woodland Sir, I wish the employees of Swan Hunter would recognize that, whatever the outcome of their overtime ban, it will not affect ultimate production of the Polish order which has been won. In this case, only Swan Hunter will suffer.

However, what is at stake is the whole future of the British shipbuilding industry, and anyone experienced in selling British goods abroad will tell you of the opinion overseas buyers have of the reliability of deliveries from British industry.

Whatever the outcome of this particular incident it can do nothing but harm to the long term future of our already ailing shipbuilding industry. R. WOODLAND, Deptford Lane, Greywell, Hampshire.

### Releasing land for house building

From Mr Peter Shapcott

Sir, Mr Andrew Tait's comments on the need to provide more land for housing (November 25) are a timely reminder of the very serious problem that could be developing with regard to housing land scarcity in many parts of the country. However, he is rather cautious when he says that it is not known whether development land tax has been responsible for severe land shortages. There are certainly very strong indications of this in the North. I am sure that the disavowal of pead development land tax is preventing the release of more land is being repeated throughout the length and breadth of the country.

What makes the situation potentially even more serious is the reluctance of some local authorities to release adequate land to replenish land banks so as to maintain a rolling private housebuilding programme. Even where it is claimed that adequate land has been released, it will often be seen, on close examination, that a large proportion has been done so as a result of planning appeals over a long period of time.

Some local authorities also claim as a reason for not releasing a higher rate of land that large acreages are already available. Again, close examination often shows that much of this land is neither ready or suitable for housebuilding nor is it in the places where people necessarily wish to live.

The resistance to an adequate land release programme appears to stem frequently from an ideological resistance to encouraging private ownership or to providing land for private builders. This resistance is notwithstanding the clear requirement under the doctrine of Community Land Act to provide

adequate land, which was also underlined by the Government's recent Housing Review. Nevertheless, the trends are clearly in the direction of rapidly extending owner-occupation, particularly among young persons, even in areas where rented property has been the traditional approach.

Unless a more positive and progressive attitude is taken to land release in keeping with the times, there seems bound to be a real prospect of land scarcity in a number of key areas. It is elementary economics, too, that this land scarcity will be bound to increase home prices.

Yours faithfully, PETER SHAPCOTT, Director, National Federation of Building Trades Employers, 100, Northern Counties Road, Green Lane, Durham City, DH1 3JY.

**RHM**  
RANKS HOVIS McDUGALL LIMITED

## Preliminary Announcement of Annual Results

At a meeting of the Board of Ranks Hovis McDougall Limited held on 6 December 1977 the following preliminary details were approved for issue.

### Final Dividend on Ordinary Shares

The Directors recommend the payment of a final dividend for the financial year ended 3 September 1977 on the Ordinary shares of 1.500p per share making, with the interim dividend of 3.228p per share (last year—2.94466p per share) representing, with the related tax credits, 4.982p per share for the year (last year—4.53025p per share), the maximum allowed under current regulations.

The final dividend will be payable on 27 January 1978 to holders of the Ordinary shares on the register on 30 December 1977.

### Results

A statement showing the profit for the financial year ended 3 September 1977 is shown opposite.

### Annual Report

The Annual Report, incorporating the Chairman's Review, will be circulated on 3 January 1978.

### Silent points are:

#### (a) Results

Group profit before taxation for the 52 weeks to 3 September 1977 is £38,458,000 compared with the profit of £39,847,000 for the 53 weeks of the previous year.

External sales rose in value by £186m, to £1,107m.

The reduction in profit was due mainly to the effects of continuing problems in the UK bread industry, a higher overall interest charge and to adverse results from Wessex Finance Corporation. However, increased profits from the other main trading activities made a significant contribution to Group performance, further supplemented by profits from the American acquisitions in August 1976 and February 1977.

#### (b) The Future

Due mainly to the losses sustained by the bakery division as a result of the national bread strike in September, Group profits for the first half of the current year will be below those for the corresponding period last year.

It is not possible at this stage to make a meaningful forecast of the results for the year as a whole but, provided the adverse conditions in the bread industry do not worsen, present expectations are that Group profits overall may be close to those for last year, due principally to a significantly increased contribution from our overseas companies and a return to profit by Wessex Finance Corporation.

**RHM**

Consolidated profit statement for the financial year ended 3 September 1977

	1977 (52 weeks)	1976 (53 weeks)
£000	£000	£000
1. Turnover		
Total sales	1,282,000	1,084,000
Deduct: Sales within the Group for further processing	155,000	135,000
	1,127,000	949,000
2. Profit		
Group profit on trading before rationalisation costs and depreciation	83,353	82,040
Rationalisation costs	2,213	2,128
	81,140	79,912
Depreciation	14,852	12,736
	66,288	67,176
Interest paid, less received	11,553	8,672
	54,735	58,504
Investment income	306	274
Associated companies	1,418	1,069
Group profit before taxation	56,458	58,847
Taxation:		
United Kingdom corporation tax at 52%	4,393	10,202
Deduct: Double taxation relief	1,423	1,137
	3,570	9,065
Overseas taxation	4,602	3,676
Deferred taxation	10,079	7,892
Associated companies	929	702
Taxation adjustments in respect of earlier years	(430)	(650)
	18,750	20,786
Extraordinary items less taxation	(Dr)	Cr
	17,708	19,062
	(1,592)	642
Minority interests	16,116	19,704
	942	888
Profit attributable to Ranks Hovis McDougall Limited	15,174	18,816
3. Appropriation of profit		
Reserve for pensions	1,000	1,000
Preference dividends	283	283
Ordinary dividends		
Interim paid 1.320p per share (1976 1.20000p)	3,593	3,283
Final proposed 1.968p per share (1976 1.74466p)	5,356	4,744
	8,949	8,027
	3,288p	
Profit retained		
The company	564	4,617
Subsidiaries	4,153	5,000
Associated companies	225	(91)
	4,942	9,526
	15,174	18,816
4. Earnings per Ordinary share of 25p	5.7p	6.2p

Based on profit (after minority interests, preference dividends and transfer to reserve for pensions) of £15,483,000 (1976 £16,891,000) and on 272.2 million ordinary shares (1976 271.9 million) ranking for dividend.

The full Report and Accounts and Chairman's Statement will be available after 3 January 1978 on application to the Secretary, Ranks Hovis McDougall Limited, RHM Centre, PO Box 551, 152 Grosvenor Road, London SW1V 3JL.

## Redfearn National Glass

### PRELIMINARY ANNOUNCEMENT

Year ended 2nd October 1977

	1977	1976
£	£	£
Sales	41,199,000	34,885,000
Profit before tax	4,585,207	3,060,458
Retained Profit	3,721,343	2,035,193
Dividend per share	10.56p	3.946p
Earnings per share	73.20p	37.48p

### Mr. Stanley Race, Chairman, reports:

The net profit before tax amounted to £4,585,207, compared with £3,060,000 for the previous year.

This profit, which is in line with our forecast in the bid rejection documents, represents an increase of 50% compared with 1976, which was itself a record year for the company. These results fully justify the confidence expressed in my statement last year.

The exceptionally high level of demand from the brewing and soft drinks industries for glass containers which began during the superb summer of 1976 continued throughout the first half of the year. However, the summer of 1977 proved to be disappointing in terms of weather and therefore in seasonal demand for glass containers.

We expect pressure of demand to return early next year, and in the meantime we shall build up our stocks to acceptable levels and also carry out planned furnace rebuilds.

Capital investment for the year totalled £6.4 million. The cost of rebuilding the green glass production unit at our Barnsley works together with expenditure on the first phase of the batch plant at that factory accounted for most of the total figure for new investment. Our furnace rebuilding programme continues at a high level and we are confident that the results will show through as they have in the past. We have now invested £11.5 million over the past three years on capital expenditure and plan to spend a further £8 million during 1978.

The investigation by the Monopolies Commission into the proposed bids for your company by Rheem, Rockware and United Glass will not be completed until late March 1978.

The Annual Report will be posted to shareholders on 10th January 1978 and the Annual General Meeting will be held on 8th February 1978.

REDFEARN NATIONAL GLASS, FISHERGATE, YORK, YO1 4AD.

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## BY THE FINANCIAL EDITOR

## EMI's scanner hopes turn sour

EMI gone ex-growth? The promise of high profits from the most significant advance in medical diagnosis since the discovery of X-rays, the EMI body scanner which the company developed and first marketed five years ago with hopes of a great future, has run out of steam, at least temporarily. Growing competition together with restrictions on ordering of new equipment by the United States medical authorities, will continue into 1978.

Moreover, consumer electronics in Australia continues to be dreadful and capital, the United States end of EMI's basic business was down in the first quarter. The effect, as the chairman, Sir John Read said yesterday is that group profits are running well below last year. This could apparently mean a decline of as much as 30 per cent in the first half, which if continued for the full year would mean profits of only £45m against £65m.

A new scenario, then, for the market, and a 14 per cent fall in the share price yesterday to 185p was the reaction. Here the yield is 7.4 per cent, more than two points below the market average. Much now rests on the real potential of the scanner. For the rest of the business currently in the doldrums the return of consumer spending growth should bring the usual turnaround, but to return to growth, the medical division must continue to prosper. Some £12m went on research and development last year. Growth for the scanner in the 15 per cent of the world market outside the United States is there, but the United States market remains the key. The political problems will no doubt come to an end, but United States competition is growing and there must be a natural tendency for Americans to buy American.

Out of operating profits of £75m last year, possibly £15m came from the scanner. EMI still confident of its long-term prospects, but no one should be too happy about the share price until there is sure evidence that current problems are being overcome.

## GEC The overseas approach

GEC has underlined its North American ambitions with two important appointments. Sir Ronald Grierson will head up GEC in the United States, to whom much of the credit for ICL's revival is due, and the job of going to California to seek out "business which might be expected to become part of the GEC group."

It seems that GEC, faced with the disintegration of the Chancellor to relax exchange control regulations which might have enabled it to move part of the British pile into overseas investment and enormous potential tax problems, has shelved the idea of an overseas company in Luxembourg in favour of a more conventional approach to overseas expansion.

Meanwhile, the performance in the first half—sales up 14 per cent, higher than £1,100m, while profits, after the first £4m tranche of interest on the capital, are 194 per cent higher at £145m. Bears out the usual trading strengths. Sports are a substantial factor with deliveries 22 per cent up on the previous year and order book still expanding. Moreover, GEC despite sterling still reckons to be able to compete effectively against its main Spanish and German competitors whose currencies have remained strong against the dollar.

Overseas earnings though are feeling the pinch from the world-wide recession and its together with mixed prospects at home suggest that in the short term GEC may find it more difficult to maintain the pace. But his hopes of a durable boom next year.

high expectations from its military electronics business, overseas plans and, of course, more than £522m of cash no one should be worrying.



Standard Chartered Bank, whose chairman is Lord Barber (above), is again demonstrating that, while clearing bank profits may rise and fall, it can still keep moving steadily and healthily upwards. This year clearing bank profits will certainly be down on 1976, but Standard Chartered now has a 31 per cent first-half profit improvement to £62.5m under its belt and for the full year should add at least £20m to last year's £110m. The Middle East and Nigeria, in particular, are still surging ahead. South Africa is 16 per cent up, the Far East has done well compared to the previous depressed first-half and most of the United Kingdom operations have also continued to grow.

As an investment Standard Chartered is thus unquestionably solid, particularly since its market rating (prospective p/e ratio of just over 5 and yield of 7.1 per cent) is significantly below that of the clearers. The problem is, firstly, a political one, since although South Africa contributes only around a quarter of its profits, Standard Chartered's shares can still be badly hit by a rum of adverse news. Secondly, while this year will be a bad one for the clearers, the stock market has already begun to sense that rising interest rates and increasing economic activity in the United Kingdom offer much greater potential next year than does the sluggish outlook for world trade in general which is so important to Standard Chartered. Intrinsically attractive though Standard Chartered may be at 415p, the clearers may offer the better share price prospects.

## Gilts A calming influence

It looks to be too much of a coincidence that the Government Broker yesterday reacted to the Treasury 10 per cent 1992 long-gup—bringing his price more into line with the market allowed him to sell perhaps £100-£150m worth of stock—at a time when financial markets are likely to be under the calming influence of the latest banking figures for the month to mid-November.

These show that eligible liabilities rose 12 per cent and while they are not altogether a reliable guide to the money supply growth in M3 during the period is likely to be around half that of October's 1.8 per cent.

This level may still result in the Government's 9.13 per cent range being exceeded, particularly since the authorities are apparently reluctant to introduce a corridor, but it is certainly looking at this stage as though last month's hike in minimum lending rate, coupled with the decision to allow sterling to float, is doing the trick and there should now be less worry about any immediate need for a further rise in interest rates.

In short, the gilt market may yet be in for a Christmas boost which could be of most benefit to the long end. So long as the Government can get gilt sales moving again financial markets are likely to have their confidence in monetary discipline restored now that the latest clearing bank lending figures show that the £500m plus October upsurge was an aberration. Although there are still indications that the banks are inflating their balance sheets for fear of a corner, there is nothing in the figures to suggest that this is yet a necessity.

Today is an historic day. It is the first, albeit the least significant, of the several deadlines leading to the launch of the state earnings related pension scheme. Few outside the Government and pension industry will mark the occasion—yet it is an event of great importance for everyone.

Since its tentative beginnings in 1908 with the Old Age Pensions Act, the state pension scheme has finally come of age. From April 1978 the principle that everyone (at least those in employment) should be entitled to an earnings related pension at retirement will become a fact—thanks to Richard Crossman, Sir Keith Joseph and finally, and successfully, Barbara Castle.

In a mixed economy it is appropriate that there is an ideological insistence that it is the state, or alternatively, the employer, who must pay the benefits.

Each employer, after consultation with his employees, has had the right to determine whether to stay within the state scheme—in which case the state pays the guaranteed minimum earnings related pension (gmp)—or to contract out of it and pay the gmp through the mechanism of an occupational pension scheme.

Today is the final day when employers who have decided to stay within the state scheme should notify their employees of their decision in practice. It is, in fact, a fairly unimportant requirement.

Even if employees, or more likely a union, took an employer to court over his failure to notify them, the worst that could follow would be a public wailing off.

Much more excitement centres on the next stage of the countdown, now December 23, which is the final day for

deciding to contract out of the state scheme without incurring financial penalties (because of higher than necessary contributions, for both the employer and his employees).

This is because the last day for applying to the Occupational Pensions Board for a contracting out certificate is March 23, by which time the employer should have had a statutory three-month consultation with the unions, which theoretically must begin on December 23 at the latest.

The last minute rush of applications to the OPB would evoke the immediate sympathy of every housewife running late in her Christmas shopping, but given that the principles of the legislation have been known since September 1974, when the White Paper Better Pensions was published, isn't all this last minute haste both uneasy and unnecessary?

Where does the fault lie for this failure of the pensions industry and the Government to progress towards an orderly adoption and introduction of the new state scheme? The blame, I think, has to be shared by all concerned. Even previous governments are not immune from criticism.

BOC International—the old British Oxygen Company—is in the final stages of negotiations with shareholders to acquire a 49 per cent shareholding of about 49 per cent in the American industrial gases giant, Airco. The presumption must be that BOC will now wait quietly for a period, learning the ins and outs of the \$1,300m American market, and then begin to exert its influence as one of the new powers in the land.

Control of Airco would make BOC one of the world's largest industrial gases organizations, second only to the French Air Liquide, which still rules the roost from its palatial Parisian headquarters on the Quai d'Orsay.

Change comes slowly in the industrial world. The late Sir Paul Gifford von Linde, developed his large-scale method of separating pure liquid oxygen from liquid air at the turn of the century. The industry has been more or less dominated by the same small handful of companies.

Of the big league—America's Union Carbide, Airco and Air Products, the United Kingdom's BOC, and continental Europe's Air Liquide, Linde and Messer Griesheim—only one, Air Products, set up in the Second World War with United States government aid, could be described even as a relative newcomer.

There are many other companies, but they are all on the periphery and the big league companies have each built up right on top of their respective markets, so that between them they account for something like 80 per cent of the free world capacity outside Japan.

When one considers the chaos that the recent strike of drivers and process workers at BOC brought in its wake—with large sections of British industry being threatened with close-down for lack of oxygen and nitrogen supplies—this oligopoly is hardly surprising. But it is difficult to

see how the market could be organized otherwise. One of the most important factors in both moulding the industry to its present form and in restricting the scope for change is the immense capital expenditure involved in setting up a presence in the market.

Buying into existing markets—like BOC's foray into the United States—is really the only way in which a modern industrial gases group can hope to significantly expand its international presence in advanced industrial

countries beyond the bounds of its traditional markets. While governments might like to encourage outside companies to move in from scratch, improving competitiveness, the costs nowadays would be prohibitive.

The BOC chairman, Sir Leslie Smith, made the point succinctly during the Federal Trade Commission (FTC) hearings on BOC in March, 1974, when he estimated that it would cost £100m and take 10 years for BOC to get a viable share of the US industrial gases market if it went it alone. Even then there would be no guarantee of profit.

So going in cold was something which the group was not prepared to contemplate. The only thing which has changed in the intervening years is the cost, which would now be much greater.

BOC first dipped a hesitant toe in America's waters nearly a decade ago when it set up a joint venture with Airco. But the timing was unpropitious and BOC must be thankful now that its involvement with America in the late sixties was minimal. For, as the American producers were to find out, bad markets forecasting and over-optimism are a dangerous combination.

The principal American producers got too confident in the early sixties and forecasting a continuing boom in demand for

## Earnings related pensions: end of a seventy-year journey

The oft-repeated catch phrase that pensions were a "political football" with the Crossman scheme being replaced by the Joseph scheme and that, despite the earlier protestations of a senior Labour politician, by the time the scheme had been passed, the Labour government was in doubt that this version actually would succeed in staying on the statute book despite assertions that it would be the Conservatives.

Nor did a full-blown pay policy which prohibited improvements in pension schemes other than to bring them up to the minimum level required for contracting out, in the end, prevent the scheme from being passed.

Certainly assumptions and calculations were being made on the basis of the relaxation of this rule in July, but scheme deeds and the other formal documentation could not proceed with certainty until phase two of the pay policy ended.

There is also little doubt that the administrators seriously underestimated the strain the new arrangements would impose upon the limited number of organizations, pension consultants, insurance companies, and law firms, the wholesalers who had to educate, advise and help their clients implement the final decision.

Then the Occupational Pensions Board was starting from scratch too and has not been able to act as quickly or as decisively as would be contracting-out companies would have wished.

Over and above all this has been financial uncertainty. It is not so difficult to recall the impact the sagging pound, ever-rising interest rates, an equity market in the doldrums and question marks over a future pay policy had on everyone's confidence. Complicated and difficult-to-grasp company pension schemes were pushed to the bottom of many an in-tray.

At the end of October the Government did relent and permit some delay in respect of the technical preparation and evaluation of scheme documents sent to the OPB. And delay upon delay, the pensions Minister, Mr Stanley Orme, last week announced the final date for contracting out was to be fixed at March 23 not March 14 as originally announced.

Although about 11,000 to 15,000 company schemes (out of some 65,000 in the country) are expected to be contracted out, only 500 have received their contracting-out certificate while another 2,300 applications to

contract out are in the pipeline. Many more will be made within the next three months and even those which fail to make the deadline will not be barred from acquiring their contracting-out certificate later.

Most of the country's top companies have contracted out and the nationalized industries, too, but among the rest there seems to have been a greater enthusiasm for staying within the state scheme and living on top of it (providing an extra occupational pension on top) than was envisaged. That way the state picks up the bill for the guaranteed minimum pension and the firm provides as much extra cream as it sees fit or the Inland Revenue allows.

After the excitement and the trumpeting that is bound to accompany the actual start of the scheme, interest in pensions will probably wane for a little. But not for long: the history of pensions in the last few years has proved conclusively that it is not a static subject. Even before the new state earnings related scheme gets officially under way the experts are already looking forward to the modifications that are bound to come, one day.

It is almost certain that the concept of paying contributions for 40-odd years and getting benefits based only on 20 years' service will have to be amended; a move towards a final salary type arrangement in the state scheme could be the answer.

Another candidate for change is the present basis for paying a widow's pension. This is based on her age and the actual pension her husband had earned rather than one he might have expected. Lump sum benefits, on the other hand, although recognized as a gap in the state provisions, are unlikely to be politically acceptable.

## BOC puts pressure on the North American market



It would cost £100m and take 10 years for BOC to get a viable share of the US national market if it went alone —Sir Leslie Smith (above) chairman of BOC International

industrial gases began to build new capacity at a rate of knots. They were, erroneously as it now appears, encouraged in this by the United States government which massively overestimated the demand for liquid oxygen and nitrogen which the space programme would require.

By the late sixties it was clear that the United States industrial gases industry had made a big error and had far too much capacity for its own good, a judgment which was underlined by the cutback in the aerospace industry and the resulting price cutting war which ensued.

BOC's slowness in moving into the United States and the intervention of the FTC with anti-trust proceedings in 1974 when it at last decided to buy a stake in Airco—an obstacle which has now been removed—may have been no bad thing for the British company. BOC now faces a more settled United States market and has been able to learn by observation rather than participation the harsh lessons that over-optimism can bring in its train.

Perhaps not the least of the pleasures for BOC, if it makes its presence felt in the United States, will be the opportunity to play one of the big American groups, Air Products, at its own game. For in the late 1950s, Airco was congratulating itself

on having tied up many of the old Commonwealth markets. Air Products moved stealthily into the British market and started fighting aggressively for a share of BOC's domestic market.

BOC-Airco combination would even up that fight a bit—on American territory.

It is difficult to foresee where the next major expansion in the industrial gases industry will be. With BOC in the United States there would probably be little room there for some years yet for another entrant and other major markets, such as continental Europe are pretty well tied up.

This suggests that for the next few years the big producers will be looking towards consolidation of existing markets and trying to spot sustained industrial development in the emergent nations, particularly, of course, in the steel industry, with which the gases market lives in an almost symbiotic relationship.

So any further large structural changes in the industrial gases market may be a long way off. But with something in excess of £4,000m annual world turnover and a very healthy growth rate, the big league companies can probably continue to live together in harmony for some years yet without making incursions into one another's established markets.

Malcolm Brown

## Business Diary: Sir Charles and after • Cockcroft's law?

Board Sainer's succession of Charles Clow as chairman of Sears Holdings at the end of the year, announced yesterday, seems to put paid to the questions that Sir Monty might one day take over. Sir Charles's deputy chairman for 25 years, Sir Geoffrey Maitland, is 68 in his chairmanship must be considered therefore as an interim. Sir Charles is going 72.

What seems to put paid to a widespread speculation that Sir Monty was being groomed for the top job is that he is to stay around for another five years or so and will have as chief executive and deputy chairman 45-year-old Geoffrey Maitland.

Sir Monty, who is 65, joined the group director and chairman of the engineering division of this £220m a year stores, power and engineering group for his second spell as chairman of the British Steel Corporation. Sir Monty, Sainer, "has quite enough on his plate as it is."

John Cockcroft, the Tory MP for Northwich, today brings 500 or so British chartered accountants to a "closed shop" for his profession as at any time the 95 years since they came to the Institute of Chartered Accountants and Secretaries and Actuaries.

Cockcroft, the economic consultant with stockbrokers Rode and recently won the rare opportunity to present a private member's Bill in the Commons. Today it receives its first reading—possibly an end to one from a politician



Not a closed shop—just one that is less open: John Cockcroft (centre) with Institute of Chartered Secretaries' president John Phillips (right) and institute chief executive Barry Barker in London yesterday.

who believes that the state's role in business life is too great —is that an amended Companies Act should confine the role of company secretaries in public companies to qualified people, as is already the case with auditors.

He agrees with ICSA president John Phillips and chief executive Barry Barker that there would be fewer business standards were company secretaries—who advise directors on legal and ethical as well as administrative matters—properly qualified. It would also, incidentally, be very nice for ICSA members as well.

Phillips is adamant that the institute is not seeking a closed shop, in so far as members want the Department of Trade to include lawyers and qualified accountants on a list of approved company secretaries. Fewer than half the company

Britain's timber trade was buzzing with the news yesterday that Bill Bullock, the managing director of Schaeffgen (UK), the British arm of the big Finnish paper and timber concern, had—with apparent suddenness—handed in his resignation.

Bullock, known in the trade for his often outspoken criticism of what he considers the outdated structure of the timber business, was rather reluctant to speak out the reasons for his departure. But they appear to revolve around the Finnish problems in coping with depressed sales in the United Kingdom—particularly of panel products like plywood.

Most Finnish suppliers are having to deal with competition from cheaper products coming from places like Canada and Malaysia and Bullock believes that the Finns will have to face up to a changed market structure in the United Kingdom. They will have to make plans accordingly and it is difficult to see any place in that, he told Business Diary.

Bullock has built up the concern to its present position as possibly the biggest Finnish-owned timber company in the United Kingdom in only five years, but there have been indications recently that all is not well. The parent company's half-yearly report said that the amount of business being generated by the subsidiary was barely sufficient to meet the interest payments on its investments.

Schaeffgen now intends to support for the first time a Finn to manage the United Kingdom business. Bullock, who is 47, has negotiated "very generous" sever-

ance terms. He leaves at the end of the year and says that he plans to stay in the timber trade.

Those who think the Dorchester just isn't British enough now that it is owned by the Arabs have support from an unlikely quarter—the Arabs themselves.

A number of those Arabs who advised the consortium who bought the hotel on British takeover procedures were at a Dorchester lunch yesterday, and they didn't like all they saw. There was criticism of the menus being in French rather than English and suggestions that more national favourites such as steak and kidney pud should be on offer.

The lunch was in honour of Sheikh Najib Almadhoun, the retiring chairman of the Beirut-based Middle East Airlines. The Sheikh, who was educated in this country and advised on the Dorchester purchase, told Business Diary that MEA would have bought the place itself had it not been for the civil war in the Lebanon. The war hasn't done the airline any lasting damage, he says.

Readers who were incensed when the match-makers Bryant and May took the jokes off the back of England's glory matchboxes since acquiring Moreland's firm which made them can now chuckle again. The jokes, temporarily replaced by a special offer for a model car will be back this month. A sample? "I've just got a new set of golf clubs for my wife."

"Good heavens, what a wonderful bargain." Strike a light!

BLACK DIAMONDS PENSIONS LIMITED  
(A company wholly owned by the National Coal Board Pension Funds)Offer for the Ordinary Shares of  
THE BRITISH INVESTMENT TRUST LIMITED

The Offer will close at 3 p.m. on Monday, 12th December, 1977 and cannot be extended. Ordinary Shareholders who wish to accept the Offer should therefore note that the final time for acceptance is 3 p.m. on Monday, 12th December, 1977 and are accordingly strongly urged to accept without delay.

In the event of the Offer becoming unconditional accepting Ordinary Shareholders will be entitled to receive for each of their Ordinary Shares of The British Investment Trust Limited:

a guaranteed minimum cash price of 165p

or,

if the formula value is higher on 12th December, 1977 and the Offer is declared unconditional, a higher cash amount.

165p is the highest price paid by Black Diamonds Pensions Limited for Ordinary Shares of The British Investment Trust Limited.

The market value of the Ordinary Shares of The British Investment Trust Limited on 23rd November, 1977' was 145p xd.

The Board of Black Diamonds Pensions Limited and its financial advisers, S. G. Warburg & Co. Ltd., remain firmly of the opinion that the Offer is generous and attractive, particularly so following the inclusion of the guaranteed minimum cash price of 165p per Ordinary Share. Ordinary Shareholders of The British Investment Trust Limited are urged to accept without delay.

\*The day before the announcement of the guaranteed minimum cash price in the Press.

This statement has been issued by S. G. Warburg & Co. Ltd. on behalf of Black Diamonds Pensions Limited. The Board of Black Diamonds Pensions Limited has taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair, accurate and all the Directors jointly and severally accept responsibility accordingly.







## FINANCIAL NEWS

Better-than-expected  
interims get sugar  
coating from Bassett

Alison Mitchell  
The 28 weeks to October  
interim profits at the  
end of City estimates.

Interim profits rose from a  
year ago by over a quarter from  
£50.4m to £75.4m.

Gordon Johnson, chairman  
of the confectionery manu-  
facturer and wholesaler dis-  
tributor, admits that margins  
suffer slightly as a result of  
increased market share.

In the period, Bassett had a  
1 per cent volume gain in the  
market compared to a  
average of around 3 per  
cent. And over the rise  
even more dramatic with  
up in volume terms, by  
10 per cent.

However, since the year end,  
group has increased the  
of some of its products.  
will improve margins but  
also slow down volume  
in the second half.

For second half trading  
figures remain satisfactory  
the chairman reports that  
group is trying to maintain  
rate of progress shown in  
first six months. This can  
be seen from the year  
a pre-tax profit nudging  
£1m mark. On a share price  
£1.20, down 2p yesterday,  
assuming a maximum divi-  
dend of 10p, the group is  
ent and a p/e ratio of 9.1  
overseas subsidiaries in  
and Sweden did par-  
tially well in the first half  
in Australia the group is  
building a new factory in  
Sydney with the expanding  
size there.



Mr. Gordon Johnson, chairman.

Although there are plans to  
increase the cakes and con-  
fectionery side of the home busi-  
ness over the next few years,  
Bassett has begun a diversi-  
fication programme.

With a small cake manu-  
facturer and a toy and model  
kit importer already under its  
umbrella the chairman admits  
that the group is looking for  
further acquisitions in related  
fields.

About 12 months ago it took  
over Purdy Cakes and although  
this company made a small loss  
in the first half of last year,  
it is running at a profit in the  
current period. Results also  
benefited from a small first  
time contribution from A. A.  
Hales, bought for £750,000 in  
August.

nc, chemicals mean loss  
Preussag's third quarter

result of an overall loss  
third quarter, Preussag  
West German diversifi-  
cation and raw materials  
does not expect to be  
make a dividend payout  
this year.

ssag said that losses in  
sector had deteriorated  
in the third quarter  
it no upward had set in  
second quarter. Earnings  
in sectors have not been  
compensated, and as a  
company does not  
show a profit in 1977.

In the first nine months,  
sales totalled DM1,800m  
 (£428.5m) down from  
DM1,900m in the similar  
last year. In 1976,  
paid a dividend of  
DM50 nominal share,  
per prices for zinc  
to £600 per ton  
200 per ton earlier in  
1976, Preussag said. As a  
to the first three quar-  
ters, sales of zinc and  
metals sector did not  
post drop in turnover,  
by 9 per cent from  
the same period.

In the oil, coal and  
steel sectors were also  
down. Transport and  
showed a slight pick-  
up in the first nine months.  
investment totalled  
DM1,000m in the first nine  
months down from DM1,600m  
in 1976 period.—AP-Dow

## nail withdraws

all Industries of Aus-  
tralia decided not to pro-  
ceed with its intention of bid-  
ding for the entire issued share  
of Ensign Holdings.  
announced in October  
intended to bid for  
the Melbourne-based  
dry cleaning group.  
bought controlling  
just over 50 per cent  
through stock market  
trading.

## ken share issue

When NV, Holland's lar-  
gest group proposes to  
new F125 nominal  
rate for every share held  
company, also making

## Statements for November

the of the London Clearing Banks and their banking subsidiaries  
and Wales, the Channel Islands, and the Isle of Man made  
member 16 are summarized in the table below:

	Total	Change	Barclays	Lloyds	Midland	National Westminster	Other
Assets	£22,223	+301	12,772	1,735	10,241	14,707	1,609
Liabilities	£10,007	-281	5,217	1,001	2,646	2,711	28
Capital	£12,216	+582	7,555	734	7,595	12,000	1,609
Profit	£1,000	+100	500	100	500	500	100
Dividend	£1,000	+100	500	100	500	500	100

## Tricoville

Design, production and  
marketing of fashionwear

### Record results

★ Pre-tax profits up 21.5%  
★ Earnings per share up 34.8%

	1977	1976
Turnover	£8,999	£6,995
Pre-tax profit	562	462
Profit after tax	330	250
Earnings per share	11p	8.16p
Dividend	1.82375p	1.459p

Report and accounts from  
The Secretary, Tricoville Limited  
91-93 Great Portland Street, London W1N 6DP

Growth at  
Kelsey Ind  
slimmed by  
inflation

By Our Financial Staff

In line with the interim fore-  
cast, soldering and audio access-  
ory manufacturer-to-industrial  
contractor Kelsey Industries turned in  
a pre-tax profit of £19.9m for  
the year to September 30 last.  
This compares with a previous  
£16.6m and comes on the back  
of turnover up from £12m to  
£16.8m. These figures include a  
special payment of £19,000 to  
The Standard Life Assurance Co.

Although describing the re-  
sults as "satisfactory", Mr  
John Moss, chairman, points out  
that the 20 per cent profit in-  
crease is not doing much  
more than keeping up with in-  
flation. And the higher turnover  
and costs of the manufacturing  
companies has resulted in  
tighter profit margins on this  
side. In the 12 months these  
were slimmed down from almost  
14 per cent to 10.3.

Exports in this division are  
still of prime importance and,  
for the first time, represent  
over half of sales output. Over-  
seas sales have been helped by  
the completion, in August, of a  
new warehouse which is being  
used to store orders awaiting  
shipment.

Subsidiary Bib Hi-Fi Acces-  
sories is a particular export  
high flyer. It has now expanded  
into the United States and has  
taken a 51 per cent stake in a  
new company Bib Hi-Fi Acces-  
sories Inc based in Texas.

The chairman also takes the  
opportunity of the statement to  
put out at the Government for  
the year of legislation coming  
the way of company directors.  
"It is difficult, well-nigh impos-  
sible, for directors and execu-  
tives to keep abreast of so many  
basic changes in regulations, let  
alone assimilate them," he says.

Turning to the future it is  
very much the problems as be-  
fore, he says, with inflation and  
a lack of long-term orders likely  
to affect profits in the current  
year.

## Henry Sykes listing

Way smoothed for acquisitions

Henry Sykes, the London-  
based pump and winch manu-  
facturer, is applying for a listing  
on the Stock Exchange. The  
listing, which is expected to be  
granted on Friday for trading  
to begin next Tuesday, will be  
the first this year for an  
industrial company.

Sykes, which is forecasting  
minimum pre-tax profits of £2m  
for the year to the end of this  
month, has been hoping to get a  
listing for a few years, and it  
is no coincidence that the firm  
follows fast on the heels of the  
disposal by Hanson Trust of  
its 22 per cent stake in the  
company.

Hanson, which owns Sykes' main  
United Kingdom competitor,  
SLD Pumps, built up a stake  
in 1973 and then launched an  
aggressive bid for Sykes in the  
same year. The bid was main-  
tained by Industrial and  
Commercial Finance Corporation,  
which now has a 25.2 per cent  
stake in Sykes, the latest single  
shareholder.

Sykes, however, does have  
several cogent reasons for seek-  
ing a listing and leaving the  
M. J. H. Nitzingale over the  
counter market through which  
the shares have been traded  
since 1973 (since April the  
shares have also been dealt in

Elec Rentals doubles  
payout on Philips' bid

By Tony May

Although it makes no formal  
forecast of its profits for the  
current year, Electronic Rentals  
has taken advantage of the  
facility bid from Philips Elec-  
tronic to more than double its  
dividend total from 3.6p to  
7.5p gross. This was enough to  
push the shares up 6p to 114p.  
They stood at 99p before the  
bid was announced. Philips with  
its stake of over 30 per cent  
stands to do well from the  
higher dividend.

Although describing the re-  
sults as "satisfactory", Mr  
John Moss, chairman, points out  
that the 20 per cent profit in-  
crease is not doing much  
more than keeping up with in-  
flation. And the higher turnover  
and costs of the manufacturing  
companies has resulted in  
tighter profit margins on this  
side. In the 12 months these  
were slimmed down from almost  
14 per cent to 10.3.

Exports in this division are  
still of prime importance and,  
for the first time, represent  
over half of sales output. Over-  
seas sales have been helped by  
the completion, in August, of a  
new warehouse which is being  
used to store orders awaiting  
shipment.

Subsidiary Bib Hi-Fi Acces-  
sories is a particular export  
high flyer. It has now expanded  
into the United States and has  
taken a 51 per cent stake in a  
new company Bib Hi-Fi Acces-  
sories Inc based in Texas.

The chairman also takes the  
opportunity of the statement to  
put out at the Government for  
the year of legislation coming  
the way of company directors.  
"It is difficult, well-nigh impos-  
sible, for directors and execu-  
tives to keep abreast of so many  
basic changes in regulations, let  
alone assimilate them," he says.

Turning to the future it is  
very much the problems as be-  
fore, he says, with inflation and  
a lack of long-term orders likely  
to affect profits in the current  
year.

## Henry Sykes listing

Way smoothed for acquisitions

Henry Sykes, the London-  
based pump and winch manu-  
facturer, is applying for a listing  
on the Stock Exchange. The  
listing, which is expected to be  
granted on Friday for trading  
to begin next Tuesday, will be  
the first this year for an  
industrial company.

Sykes, which is forecasting  
minimum pre-tax profits of £2m  
for the year to the end of this  
month, has been hoping to get a  
listing for a few years, and it  
is no coincidence that the firm  
follows fast on the heels of the  
disposal by Hanson Trust of  
its 22 per cent stake in the  
company.

Hanson, which owns Sykes' main  
United Kingdom competitor,  
SLD Pumps, built up a stake  
in 1973 and then launched an  
aggressive bid for Sykes in the  
same year. The bid was main-  
tained by Industrial and  
Commercial Finance Corporation,  
which now has a 25.2 per cent  
stake in Sykes, the latest single  
shareholder.

Sykes, however, does have  
several cogent reasons for seek-  
ing a listing and leaving the  
M. J. H. Nitzingale over the  
counter market through which  
the shares have been traded  
since 1973 (since April the  
shares have also been dealt in

length terms with Electronic  
Rentals, and that as the largest  
shareholder it has always recog-  
nized that it is not entitled to  
attempt to influence the com-  
mercial policies of Electronic.  
Nonetheless the raising of  
Philips' stake from 29.2 per  
cent to just over 30 per cent  
has triggered a facility bid of  
100p which Electronic has con-  
sidered. It urges shareholders  
to reject the bid and retain their  
shareholdings.

The board is optimistic about  
the level of profits for the full  
year after a 26 per cent jump  
to £6.2m for the six months to  
September 30. Turnover went  
up 15 per cent to £48.7m, so  
margin rose from 11.6 per cent  
to 12.7 per cent. Earnings a  
share are 8.5p against 6.8p,  
while cash flow a share is  
2.1p compared with 1.8p.

Mr Charles Plouffe, managing  
director, says that the group  
stands to do well from higher consumer  
spending. Looking further ahead  
the board says that new pro-  
ducts, such as videotape and  
video disk, should help in the  
continued growth of the rental  
operations.

Philips acknowledges that it  
has been on friendly arms-  
length terms with Electronic  
Rentals, and that as the largest  
shareholder it has always recog-  
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continued growth of the rental  
operations.

Desmond Quigley

Geo Sturla  
will have  
assets of  
15p a share

The operation to put the  
affairs of loss-making Geo-  
Sturla on a better footing has  
gone well. Just under a month  
ago came word of 60 per cent  
of the loss-making group chang-  
ing hands, and plans for a  
rights issue at par. The shares  
were then 7p.

Now they are 12p, a tribute  
to the latest news that under-  
writing of the issue of one for  
one at 10p has been completed.  
Sturla adds that all the  
group's bankers have formally  
entered into an agreement to  
cancel borrowings of £2.3m, in-  
cluding interest, in considera-  
tion of a payment of £350,000  
to be found from the rights  
money.

In the half year to July 31  
business got better, but only  
in the sense that Sturla lost  
less. The deficit fell from  
£1,000,000 to £61,000. Now Mr  
Robert Knight, the new chair-  
man, reports on the change in  
the group's share.

It now concentrates almost  
entirely on providing con-  
sumer finance, and there has  
been a big improvement in the  
credit worthiness of new cus-  
tomers. He also describes as  
"substantial" the likely gains  
in profits. After the present  
issue net assets will be equal  
to 15p a share.

Local authority  
rate goes up

This week's coupon on the  
local authority bonds is raised  
from 81 per cent to 81 per cent  
with the biggest borrowers  
being Birmingham, London,  
Manchester and Oldham with  
£1m each, while Reading is  
raising £2m over two years and  
North Elm over four. Variable  
rates are favoured by Chiltern  
and East Kilbride, who both  
have bonds for £500,000 over  
four years.

Free banking still on  
offer from Co-op

A cut in the interest rate on  
personal loans—from 15 to 14  
per cent—continued free  
banking throughout 1978 was  
the news yesterday from the  
Co-operative Bank. Provided  
customers keep their current  
account in credit there will be  
no charges, but the payment of  
a 1 per cent interest on these  
accounts is to be suspended  
from January 1 next. The only  
other bank to offer this free  
current account facility is the  
Clydesdale in Scotland.

L. R. Bishop,  
Joint Secretary.

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Standard Chartered  
Bank Limited

## INTERIM STATEMENT

Consolidated Profit & Loss Account (Unaudited)	Six months ended 30th September 1977 £000	Year ended 31st March 1977 £000
Trading Profit of Standard Chartered Bank Limited and its subsidiaries (Note 1)	52,214	41,716
Share of Profits of Asso- ciated Companies	10,253	5,953
Profit before taxation and extraordinary items	62,466	47,669
Taxation: (Note 2) The Bank & its subsidiaries Associated Companies	27,336	20,509
Profit after Taxation Minority Interests	35,130	27,160
Extraordinary Items less taxation and minority interests (Note 3)	41	767
Profit attributable to Standard Chartered Bank Limited	35,171	27,927
Profit Retained	21,291	17,612
Earnings per share (Note 4) Dividend per share (Gross equivalent)	38.5p 7.75p (11.74p)	31.4p 7.00p (10.77p)

Notes:  
1. In accordance with currently accepted accounting  
practice and in compliance with International Account-  
ing Standard No. 4, which became effective in 1977, a  
provision has been made for depreciation of freehold  
and long leasehold premises from 1st April 1977 at an  
annual rate of 1% of book values. The effect upon the  
results for the six months ended 30th September 1977 is  
a charge in arriving at trading profits of £517,000 and a  
reduction of 0.6p in earnings per share. Prior year  
figures have not been restated. Other accounting  
policies remain as set out in the 1977 accounts.

2. Provision has been made for taxation at latest known  
rates including United Kingdom Corporation Tax at  
52%.

3. Extraordinary items arise from disposals of premises,  
investments in associated companies and trade  
investments.

4. Earnings per share are based upon profits after taxation  
and minority interests but before extraordinary items  
and issued share capital of 69,110,349 shares.

DIVIDEND:  
The Board of Directors has resolved to pay an Interim  
Dividend in respect of the year to 31st March, 1978 of  
7.75 pence per share (equivalent to 11.74 pence per  
share gross) to shareholders registered at close of  
business on 23rd December, 1977. The interim dividend  
of 7.75 pence per share will be paid on 27th January,  
1978, together with an additional payment of 0.1588  
pence per share which relates to the final dividend for  
the year ended 31st March, 1977 and results from the  
reduction in the rate of Advance Corporation Tax from  
35% to 34% for 1977/78.

L. R. Bishop,  
Joint Secretary.

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